

# **PATHWAY TO KIRKLAND'S ECONOMIC FUTURE**

PREPARED FOR THE KIRKLAND ECONOMIC  
PARTNERSHIP



PREPARED BY



T·I·P S T R A T E G I E S

MARCH 2005



## contents

executive summary .....	1
strategy one: capitalize on regional markets .....	5
strategy two: improve the business investment environment .....	7
strategy three: support prime development areas .....	9
strategy four: communications and organization .....	13

## appendices

a. technical memorandum 1: discovery phase .....	A-1
b. technical memorandum 2: opportunity phase .....	B-1
c. technical memorandum 3: implementation phase .	C-1

## ACKNOWLEDGEMENTS

The project team would like to thank the leadership and staff of the Kirkland Economic Partnership, the City of Kirkland, and the Kirkland Chamber of Commerce for contributing their valuable insight and feedback to this study. We are particularly grateful to Betty Spieth for her assistance throughout this process.

## PROJECT TEAM

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## executive summary

TIP Strategies, Inc. (TIP) was engaged by the Kirkland Economic Partnership (KEP) to identify a pathway to a strong economic future for Kirkland. The purpose of our work is to assess the many economic alternatives available to the community and make recommendations for action. Kirkland's location in Puget Sound offers unique opportunities. The reputation and image of the city are a key factor in its future growth. TIP believes acceptance of our definition of economic development – *the application of public resources to stimulate private investment* – is critical to understanding our work program, strategic analyses and recommendations.

From the outset, TIP emphasized “quality of place” over all other factors. TIP believes there is an important distinction between “quality of life” and “quality of place.” Quality of life is generally inward looking and focused on preserving those elements that have traditionally defined the community. Quality of place, on the other hand, is dynamic and recognizes the importance of growth and the risk of becoming stagnant. This distinction has enormous economic and fiscal implications. Investment is the key concept. Investment occurs as retail spending from non-residents, in commercial development, and in a diversified job base. Without private investment – and the tax and employment benefits this creates – Kirkland's quality of place will decline.

How the city would capitalize on new development opportunities must to be balanced against those factors that have made Kirkland what it is today: one of the most attractive communities in the Northwest.

## APPROACH

TIP was engaged by KEP to prepare a strategic plan to help guide Kirkland's future economic development efforts. This plan builds on information compiled and analyzed by the consulting team with input from KEP, city officials, and other key stakeholders. This document is a direct result of these discussions and of additional research conducted by members of the consulting team. The project was conducted in three phases – Discovery, Opportunity, and Implementation. Each phase concluded with a Technical Memorandum and discussion of our findings with the Project Steering Committee. The three Technical Memoranda are appended to this report.

*Discovery* – This phase consisted of a SWOT analysis and assessment benchmarking of similar communities, and a survey of local attitudes and opinions. Three themes emerged from our survey:

1. Kirkland is a highly desirable place to live and work.
2. Change in Kirkland is slow and often difficult.
3. Residential quality of life is the cornerstone for Kirkland decision-making.

From our SWOT analysis, TIP identified four significant issues that Kirkland must address if the city was to pursue active economic development. These issues included:

1. Lack of undeveloped land.
2. Undesirable perception of business investment environment.
3. Promotion of development in specific areas of the city (Totem Lake and Downtown).
4. Communication.





*Opportunity* – Specific development opportunities were considered and preliminary strategies were drafted for discussion. We concluded that Kirkland has a highly positive image and local opportunities exceed the physical capability of Kirkland to accommodate existing markets for businesses that might seek to invest in the community. Preliminary strategies addressed four areas:

1. Create a new economic development authority and establish a formal communications strategy for economic growth.
2. Improve the business investment environment.
3. Focus on two prime development areas: Totem Lake area and Downtown.
4. Develop a marketing plan directed toward the Puget Sound market.

*Implementation* – In this phase, strategies were built-out and action items were offered to the steering committee and city council for review.

The consulting team held meetings in Kirkland specific to each phase and received input from key stakeholders during focus group meetings. Input received from the workshops and focus group meetings was combined with the consulting team's quantitative analysis, benchmarking, and experience to develop the recommendations outlined in this plan. The recommendations were also compared with the city's comprehensive plan to ensure that they were complementary.

## KEY FINDINGS

**Challenges** > As a result of interviews and background analysis, it became apparent that there were significant challenges to the straightforward implementation of an economic development strategy. These challenges revolve around three issues:

- Realizing a shared vision
- Reaching consensus on the appropriate level of business growth and development
- Accepting a regional role

These challenges go to the heart of how Kirkland sees itself. It also touches on what posture Kirkland should take towards retail growth on the one hand, and commercial development on the other.

TIP's recommended response to these challenges included a series of community workshops to explore various scenarios and their implications for the community, a communications strategy for development-related issues, and a city-level review of the final Pathway recommendations and their appropriateness. These three challenges are complex issues that go beyond traditional economic development. In practical terms, this means finding a balance between residential property taxes, income growth from employers, and the amenities represented by retail diversification.

Below is a summary of the key findings, all of which relate to the challenges:

**Regional technology growth** > There is nothing about the growth of technology that one can take for granted. Countless communities across the country see this as the target sector of choice (even as the definition continues to blur). Nevertheless, Kirkland is extremely well positioned to capture a major cluster of this industry through continued investment in software related businesses. We have made this our top industry sector because the likelihood of success is extremely high, and because the opportunities are varied



Kirkland's economy is strong and diverse. A healthy mix of businesses provides valuable economic returns including varied employment opportunities and high wages, a strong tax base with sustainable revenues that help fund public services, and a broad range of goods and services.

*City of Kirkland  
Comprehensive  
Plan*



enough to justify a multi-phased approach. Kirkland has the opportunity to redevelop existing commercial areas, has access to a dynamic workforce, and is in the path of major new investments.

**Strength of the neighborhoods** > No one can question that neighborhood quality of life issues are paramount in Kirkland's decision-making. We would argue that a balanced quality of place based approach to commercial and retail development strengthens neighborhoods. It does this in several ways:

Changing demographics and lifestyles. Unlike many suburban cities, Kirkland is much more than a bedroom community to Seattle. Various forces drive that distinction, including the overall expansion of employment on the Eastside. The ability to work near one's home is increasingly appreciated and is one of the hallmarks of progressive communities. As the population ages, this will become increasingly valued.

Value of amenities. Every neighborhood values a diversity of services and entertainment and, indeed, the demands for these amenities are dynamic and increasing. Overall business growth increases the likelihood that retail (from restaurants to boutique shopping) and other amenities will flourish. It is clear from our analysis that these services cannot flourish in Kirkland solely in support of local residents. To sustain themselves, most local suppliers rely on businesses located throughout the region and on visitors to the City of Kirkland.

Tax structure. Kirkland is in a strong fiscal position. A balanced approach to residential and commercial property taxes has served the community well and should be maintained.

**Communications and organization** > A well-managed communications strategy is essential to a successful economic development effort. This matters from a variety of perspectives: public support for projects requiring city infrastructure investment, and maintaining close relations with the city, business organizations and citizens at large. It is also a critical component of how Kirkland is seen in the region: how Seattle newspapers and television portray the city, and how developers and investors perceive the city as a location for investment.

The creation and underwriting by the City of the Kirkland Economic Partnership (KEP) was, in part, an effort to give economic development a higher profile, especially in communications and marketing. It was also intended to improve relations between the business community and the city as a whole. The efforts of KEP in many important areas (e.g., KirklandProspector, website, and the Pathways study) have been excellent. In fact, the [www.Kirklandnow.com](http://www.Kirklandnow.com) website is a model of an effective tool, with its fresh, up-to-date look. Despite these achievements, the organization has lacked the financial and organizational support as well as professional Economic Development expertise required to carry out a true economic development effort. KEP should be viewed as a good *first* step. With the adoption of an economic development strategy and the implementation of its recommended actions, realization of the economic development vision contained in the City's Comprehensive Plan is possible.

**Market position** > Kirkland has several areas in which redevelopment can occur, and this process is beginning. In comparison to other Eastside communities there have been no major new business oriented investment in the city over the last decade – despite rapid growth on the Eastside. In view of the strength of both the local and the regional market for commercial development this suggests that a re-evaluation of economic development is in order.

## STRATEGIES

In many communities, economic development activities are undertaken in a vacuum—as if “jobs” were somehow independent of the people who hold them. Workers need places to live, amenities, and educational opportunities. Quality housing, good restaurants and good schools,



and leisure time activity opportunities are not luxuries for an educated workforce—they are necessities. These strategies are about quality of place. By meeting a balance between growth and the needs of existing residents, Kirkland will thrive.

*The following strategies provide a pathway to a strong economic future for Kirkland. While the specific recommendations have undergone changes with each review by the city, the framework has remained the same. The emphasis on quality of place, regional growth, local development sites, and communications and organizational issues are the backbone of the plan.*

**Strategy One: Capitalize on Regional Growth** > Kirkland is in an ideal position to take advantage of the regional expansion of knowledge industries. Among these industries, software, medical, and professional services are the prime targets. Strengthening the city's relationship with technology companies (especially on the Eastside), and supporting the growth of professional services – from medical to legal to design – is the first priority.

**Strategy Two: Improve the Business Investment Environment** > Business climate issues are invariably contentious. Kirkland needs to be perceived as a good place for business investment – not just a good business address. Striking the right balance between new growth and an appreciation of why residents chose the community in the first place is daunting. This strategy addresses the cooperation and support needed to ensure responsible development by integrating planning and zoning issues with the needs of businesses and developers.

**Strategy Three: Business Growth Areas** > Several areas of Kirkland are suited for – and are already experiencing – new development. How the city supports this growth and where it places its priorities are of immediate importance. Totem Lake, the downtown, and the 85<sup>th</sup> Street corridor are the most conspicuous examples. Juanita Village, already nearing completion, provides an excellent example of how redevelopment can provide additional housing and retail opportunity while enhancing the quality of place.

**Strategy Four: Communications and Organization** > Successful economic development occurs when local government, citizens, local business organizations, and the media are in concert. This can be achieved through specific actions that include a media strategy, coordinated public input, and a person or entity with clear responsibility for economic development.







## KEY QUESTIONS

- Is software a solid investment for Kirkland?
- Is the timing right for software recruitment?
- How can Kirkland capitalize on regional growth?
- Is there a danger of Kirkland becoming too dependent on knowledge industries?

# strategy one: capitalize on regional markets (SOFTWARE, MEDICAL, & PROFESSIONAL SERVICES)

A commitment to an industry sector means that it represents a solid investment capable of paying back dividends to the community. These “dividends” can come in four forms:

- increased higher-wage employment.
- greater tax revenues.
- higher community visibility and an improved image.
- increased amenities that contribute to quality of place.

Non-residential development can increase tax revenues in a number of ways. First, commercial zones typically have higher assessments and require fewer municipal services than residential areas. Successful developments can also spur development or re-development of adjacent properties. Commercial development, such as office buildings, can even have a greater fiscal benefit than industrial development, which frequently receives tax abatements and may require costly infrastructure investment. In the absence of business activity, the burden of funding city services falls disproportionately on residential property owners. Because of this, municipalities typically seek a balance between business and residential assessment.

The software sector has been chosen as the first and most important of Kirkland’s targeted industries. Among the software sectors, enterprise software holds the most immediate promise. Not only is the region replete with senior-level software engineers, there is a venture capital firm (OVP Venture Partners) already located in Kirkland. This unusually advantageous situation can translate into success. While most cities struggle to capture this kind of opportunity, Kirkland has the capacity to realize it. Additionally, digital gaming development has significant expansion potential. Kirkland already is home to several companies in this industry. Kirkland should better understand the requirements and attractions for these companies, some of whom are backed by major entertainment industry funding.

We believe that Kirkland must act promptly to capitalize on this targeted industry and not simply rest on its image. The reason for prompt action has more to do with the City’s land capacity than with any weaknesses in enterprise and application software. In other words, TIP believes that targeting this sector will take a combination of recruitment as well as developer/investor relationships to ensure the necessary facilities become available in Kirkland.

Two other sectors round out TIP’s recommendations: medical service and professional services. In the case of medical services, Evergreen Hospital and nearby medical support services provide an ideal growth sector. Medical services and medical technology includes not only physicians, but also a wide range of technicians. The active involvement of the city in support of this sector (with special emphasis on specialization) will yield tangible results. Professional services, while not a typical industry target, are ideally suited for Kirkland. Capturing a portion of this sector will require careful work with the development community, and cannot rely on a traditional marketing campaign.

## ACTIONS

### 1. Support the expansion of enterprise software companies in Kirkland >

Specific tasks:





*Identify software companies within the greater Seattle area. Contact these employers to determine their expansion potential, current and future workforce requirements, desirable physical facilities, timing requirements and need to link to other firms. The purpose of this task is market research. To be effective in promoting Kirkland as a desirable location for software development, an understanding of the criteria for decision-making in selecting a business location is paramount. Kirkland can then ensure that it meets market preferences.*

*Work with venture capital companies and other financiers, both in Kirkland and in the region, to foster entrepreneurial growth and financing options. The primary goal for this task is to identify the criteria used by financial investors in selecting locations for investment and ensuring that Kirkland can meet those requirements.*

*Work with the Seattle King County EDC to identify prospects from outside Puget Sound.*

*Pursue further efforts to expand higher education capacity in Kirkland, with emphasis on software engineering and marketing curricula. While the question of funding large educational institutions is beyond the scope of the KEP, support should be given to the continued success of **existing** higher education facilities in the city, particularly where linkages to Kirkland-based businesses are evident. The first step is to identify the needs of facilities in the area, such as DigiPen, and determine if there is a way for local institutions to provide it.*

- 2. Encourage medical technology** > The expansion of Evergreen Hospital offers economic development opportunities. Medical services and medical technology includes not only physicians, but also a wide range of technicians.

Specific tasks:

*Build upon recent involvement with the hospital planners to identify and capture opportunities.*

*Ensure communication links are established to medical support activities and that appropriate type of development is possible in the medical precinct.*

*Ensure the availability of amenities for employees in this area.*

- 3. Expand professional services** > Service employers – such as customer service centers, corporate headquarters, and mid-level professional service providers – provide high wage jobs with a relatively small impact on the community (i.e., no environmental issues, no increase in truck traffic, and no emissions).

Specific tasks:

*Recruiting these firms will require some of the following elements:*

- *close cooperation with the development community*
- *an understanding of how zoning and approval issues affect particular sites*
- *nearby housing availability*
- *availability of nearby amenities*







## KEY QUESTIONS

- What is the best way to balance business growth with neighborhood needs?
- What is the best way to address development barriers?
- How does city activity relate to economic activity in general?

# strategy two: improve the business investment environment

A Kirkland business address has a desirable cachet in Puget Sound. The pattern of commercial development over the last decade on the Eastside demonstrates, Kirkland is not viewed as a good business investment location. The perception of potential business investors is critical to successful economic development and it must be addressed in Kirkland if it is to secure a strong and balanced economic future.

There is no question that this is a sensitive issue. TIP feels that concerns about the investment environment are valid and must be integrated with city planning and the benefits to residential neighborhoods. Businesses that locate in Kirkland have expectations for how they will be viewed and how they will be supported. Without a larger commitment, even those companies that do move to the community might well identify more with Seattle than with Kirkland. They may—and some have—created a business address that links them entirely to Seattle.

KEP's efforts to identify and articulate business investment concerns has been important, and its role in this strategy can continue to be significant. Some of the actions listed below have already seen progress. TIP's emphasis on these items is meant to reinforce their importance and their specific role in the larger strategy.

## ACTIONS

- 1. Continue to expand the inventory of existing businesses and prospects** > Kirkland database of existing businesses and prospects is an important tool and should be maintained. And expansion of the GIS-based real estate site would be of great value. A clear understanding of the types of businesses already in the community, in addition to keeping tabs on new locations and expansions, is key to on-going economic development.

### Specific tasks:

*Link the city's GIS capacity to business information. Extract information for periodic analysis. (For example business mix change, sales tax generation, land values and assessment). Tax records, utility hookups, and ownership transfers can be important sources for information.*

*Generate prospect management initiatives in conjunction with developers, brokers, and site selectors.*

- 2. Review regulations, procedures, and policies for their impact on business investment.** > Several business people interviewed indicated that city procedures generated significant friction on their business investment activities. In a competitive environment, such as the Seattle metro area, this has a negative impact on recruitment efforts and can even hinder the expansion and retention of existing businesses.

### Specific tasks:

*The Department of Planning and Community Development has worked hard to improve communications. Nevertheless, the risk and uncertainty for projects at their initiation remains high. Particular attention should be paid to timing and approval procedures from initial inquires to final approval.*





*Create an ombudsman strategy to serve all Kirkland businesses, not just new and small businesses (also see Strategy Four).*

### **3. Consider an incentive policy in light of broader target industries >**

Incentives policies are not limited to tax abatement or financial inducements. Kirkland has the ability to provide infrastructure support and other incentives in support of desirable employers.

#### Specific tasks:

*A list of non-financial incentives that the City of Kirkland may contribute should be compiled, and criteria for their availability established.*

*Kirkland should implement policies that target industries based on the following priority:*

- *software*
- *knowledge industries other than software (qualified by sector, i.e., technology intensive, and by wages). The digital gaming industry has been suggested as an opportunity.*
- *professional service providers*
- *R&D*

*The policies should address issues such as infrastructure support, creative land assembly strategies, and custom tailored development agreements. Development agreements are formal agreements between the developer and the city that outline the conditions each party to the agreement must meet. They can be structured in a number of ways, ranging from simple letter agreements between contracting parties, to more detailed agreements that require specific performance criteria where the public contribution may be recaptured if the criteria are not met. In addition to providing some certainty for the parties, a development agreement can provide specific benefits to the City of Kirkland in addition to support for the development itself. This may be as simple as making tennis courts available to neighborhood residents or it may involve a contribution to the cost of a neighborhood transportation facility such as a pedestrian and bike path connecting the medical precinct to Totem Center.*

### **4. Establish relationships with capital sources >** Economic development organizations greatly expand their influence when they can bring financial resources to a deal. The difference between merely identifying sources and forming working relationships with financiers is an important one. These relationships are nurtured through membership in professional associations, one-on-one meetings, and participation in joint projects.

#### Specific tasks:

*Identify and visit venture capital and other start-up financing sources in the Greater Seattle area to document their needs and ensure they understand the opportunities in Kirkland.*

*Expand and strengthen relationships with bankers, brokers and other real estate investors*

*Use financial sources to understand investment conditions necessary for Kirkland*



## KEY QUESTIONS

- What is the function of Downtown Kirkland?
- Is Totem Lake a second “downtown”?
- How is a significant investment in commercial center infrastructure justified?
- Does it matter where the “downtown” is?
- How are Kirkland’s commercial centers affected by:
  - ✓ Transportation
  - ✓ Redevelopment potential
  - ✓ Neighborhood expectations
  - ✓ History
- What are the economic spin-offs for major employers and for new residents?

## strategy three: support prime development areas (TOTEM LAKE, THE DOWNTOWN AND 85<sup>TH</sup> STREET)

Greater Seattle is a highly competitive business investment environment. The type of retail mix, available housing products, variety and availability of amenities for employees, and business perception of the community all help determine whether economic development objectives can be realized.

TIP feels that emphasis on specific redevelopment areas can enhance of Kirkland’s economic growth by:

- Creating distinctive “urban center” identities as a focus for growth.
- Allowing retail opportunities that respond to current market preferences and trends.
- Providing housing products that complement urban center activities.
- Developing suitable commercial space for professional service firms that can serve small to mid-size companies.

## BACKGROUND

One of the older cities in the Puget Sound area, Kirkland is almost fully developed and, unlike the surrounding communities, has little vacant land. As the original settlement grew, a number of commercial areas emerged. Some of these commercial areas served small market areas – others catered to a larger, citywide or regional market. Three commercial centers in Kirkland - Totem Lake, Downtown, and 85<sup>th</sup> Street, are significant in the pursuit of a strong economic future for Kirkland. They comprise the majority of redevelopment opportunity, and they already attract a market that is larger than Kirkland. Other commercial areas in the city are of smaller scale and will redevelop as local opportunities are recognized (e.g., Juanita Village).

### Totem Lake

The single dominating factor of this area is Interstate 405 and its interchange. This infrastructure created immediate development potential not available anywhere else in the city. The existing commercial activities have emerged haphazardly, with distinctive sub-areas that bear little relation or connection to each other:

- the hospital district
- the four corners of the prime intersection (which remain unrelated to each other)
- Parmac

Partly because of the haphazard growth, there is significant redevelopment potential in each of the areas. While a major mall redevelopment is in discussion, there is no definitive development scenario. The proposed scenario shows little integration with the other areas at Totem Lake.

The comprehensive plan policies for the Totem Lake Plan describe the desirable outcome for the redevelopment of the area, but very little is said about how this would be done. A plan of action by the City of Kirkland to ensure that this redevelopment takes place is required. A design charrette involving businesses, property owners, and potential investors working with professional urban designers (with the specific goal of identifying ways to overcome the



massive transportation-imposed barriers that segment the area) could be commissioned by Kirkland as a first step in developing this plan. A strong focus for Totem Lake Center can be identified through this approach and designed to serve as a unifying element for the six discrete areas of this future urban center.

## Downtown Kirkland

Downtown Kirkland at one time was the commercial center for the Eastside, second only to downtown Seattle. In the past 25 years, downtown has decreased in importance as a retail and business service center for Kirkland and the surrounding region and is now a leisure time activity center (for both residents and visitors to Kirkland) with some elements of local retail and business service activities and an emerging specialty (niche market) center. Downtown is clearly not the primary retail destination for Kirkland residents and it has not been a focus of commercial office development. Downtown does have a significant number of redevelopment opportunities that can play a role in Kirkland's economic development.



## 85<sup>th</sup> Street Commercial Area

The 85<sup>th</sup> Street commercial area is a highway oriented “strip development” that depends heavily on the high volume of traffic passing through the zone. With the exception of servicing the commercial needs of the nearby neighborhoods of North and South Rose Hill, it is not a strong commercial destination. The redevelopment capacity of the 85<sup>th</sup> Street Area, while not insignificant, is substantially less than the Totem Lake and downtown areas where a different (i.e., more regional) market will be in play. The major issues in the redevelopment of 85<sup>th</sup> Street commercial area will relate to parcel size and configuration.

If Kirkland public resources are used for the attraction of private investment, it is our opinion that these resources should be allocated to areas where they would provide the most benefit to the city. The NE 85th Street Commercial Area, while an important retail corridor, does not require the same level of public resources to attract private investment as Totem Lake and downtown. With the exception of addressing parcel size and configuration issues, special attention is not required in this area beyond the general elements outlined in Strategies 1, 2 and 4 which apply to all business areas of the city.

## Commercial Office Issues

Professional office space—designed to accommodate small practices providing health care, legal services, and similar employment—is typically an important part of a successful community. In Kirkland, professional office space will also include the work places for the target industries identified in Strategy 1.

The appeal of living closer to work may encourage professionals already residing in Kirkland to locate their practice in the preferred development areas (especially downtown), or draw new residents to the community. Housing within walking distance of the place of employment is a constant theme of this report and Kirkland can realize this vision in ways that few suburban communities can. There is the opportunity for a range of housing types including urban housing, lofts, town houses and live/work units. This expands the types of housing that are needed to accommodate young and old, single, married and families. It allows us to live close to our grown children and our older parents.

In this model, building sizes vary, although all are “human” in scale with limits placed on building heights and total square footage. Town centers are designed with a pedestrian orientation, and the majority of parking is consolidated at the rear of buildings or center of the block. While modern lifestyles require that automobile traffic be accommodated, parking requirements can often be reduced because of the mix of uses. Design standards can be used to enhance the small town feel of a town center by requiring attractive and varied building facades, encouraging quality landscaping and lighting design, and making parking less obtrusive.

In addition to a balanced mix of uses, strong design standards and attractive streetscapes, successful town centers require consensus and cooperation between public and private



stakeholders. The willingness to link this design to employment (through a coordinated marketing strategy) is an important element in determining economic success. In other words, housing should link to professional service and “knowledge industry” employment, which in turn can fuel retail sales and strengthen the housing market.

TIP has also reviewed the draft Kirkland Industrial Zoning Study prepared by UrbanAdvisors. We feel that the findings of that study are congruent with our recommendations and approach. Specifically:

*“Employment trends projected by PSRC indicate that Kirkland is likely to have a greater need for office space than for industrial flex space over the next 25 years. The current vacancy and strong rental rates indicate that Kirkland is a desirable area for office location.”*

## Retail Issues

The question of retail growth has already been mentioned several times. Since retail sales tax plays a large role in city revenues, we feel that it is shortsighted not to emphasize retail growth. As a result, a separate strategy for retail attraction can be important to Kirkland.

Traditional economic development operates on the assumption that the service sector does not “drive” the economy. It holds to the view that public entities need only concern themselves with primary jobs, and that incentives and other support are best reserved for manufacturing. The immediate consequence of this view is that our expectations for growth are largely unmet, while some of the greatest opportunities for job growth are overlooked.

TIP believes that the service sector in general, and retail in particular, is deserving of the same attention and strategic consideration normally reserved for other sectors. National trends indicate that future job growth will be found primarily in the service sector, including retail. And our experience suggests that the type and scale of retail development will have a profound impact on a community’s ability to attract and retain workers.

- **Retail is increasingly seen as an amenity without which other economic sectors find it difficult to recruit workers.** While traditional theory sees retail as a spin-off effect from the manufacturing sector, many successful communities now recognize that a thriving retail sector helps attract large employers to a region. The increasing emphasis on what Richard Florida calls “the creative class” has forced a reconsideration of the amenities and benefits of a community quite apart from the immediate availability of employment. People want and expect retail, and they have become increasingly refined in their specific interests. These interests extend beyond large shopping malls and now include specialty retail in the downtown, open-air lifestyle malls, and locally owned boutiques.
- **The sales tax effects of retail growth have tremendous ramifications for a city’s overall budget.** While Kirkland has a relatively balanced revenue stream, the loss of retail growth to surrounding communities has impacts that may be comparable to the loss of manufacturing and technology jobs. In fact, the benefits of regional employment in the “primary” job sector may not exceed those in the service sector. Where workers spend their money matters, and it may matter more than where the primary job is based.
- **Urban development patterns are heavily influenced by the scale and location of retail centers.** Whatever the economic theory behind job growth, communities have other reasons to support a retail strategy, regardless of the economic theory behind job growth. Where retail centers locate matters to infrastructure investments: to transportation and to sewer and water. It is no exaggeration to say that Kirkland is already vested in a retail strategy – albeit one that is not explicit. We can say this because retail development – whenever it occurs – goes forward with implicit public support. This support is based on assumptions and values that are often not articulated, but which can run squarely into the concerns of neighborhoods, environmental groups, or other developers. Without a well-articulated strategy, a city is put at risk. Vacant retail space and empty parking lots dot



our urban landscape, testimony to bad public and private investment decisions. With a clear strategy, we influence future growth across a broad economic and social spectrum.

## ACTIONS

1. **Ensure that Totem Lake and the downtown expand on commercial office space, retail, and housing** > The development strategies for these areas have arisen almost entirely through the city's planning department. There appears to be no specific economic focus for these plans and, as a result, employment opportunities have been identified in a theoretical, not a practical, framework.

### Specific task:

*Review existing plans and proposals to ensure redevelopment with a mix of employment opportunities congruent with the targeted industries.*

2. **Conduct city and developer workshops to enhance the potential for success in redeveloping these areas** > The broader development community should be actively engaged in design and build-out options for all the specified areas.

### Specific tasks:

*Hold development workshops.*

*Prepare preliminary development cost estimates for respective sites.*

*Explore the possibility of a town center as part of the Totem Lake development.*

3. **Prepare a retail strategy** > To maximize mixed use planning, retail targets should be selected based on their ability to contribute to the city's overall economic growth by providing alternatives to destination shopping in Seattle and the other Eastside communities.

*The consulting team recognizes that the Kirkland economic development focus on software and "knowledge industry" growth is the central task. We also appreciate the fact that retail recruitment is not an accepted economic development target. Nevertheless, this plan encourages the city to assist in a retail strategy.*

### Specific tasks:

*Conduct a retail assessment of the Eastside market area. This assessment can be prepared in-house based on existing market data.*

*Examine data on consumer spending patterns of existing residents.*

*Develop high profile targets based on the ability of those retailers to attract dollars from outside of Kirkland (i.e., other than purely local service).*

*Identify development sites for retail clusters.*







## strategy four: communications and organization

Kirkland is a community with a well-respected and professional staff and has achieved several notable developments. The city can – and should – leverage those assets and its reputation on behalf of future growth. Since there is little question that Kirkland will grow, the question is how and where. In other words, the city should not take success and high value development for granted. Kirkland's future development opportunities can be better managed and have broader benefit to the city and its citizens when it speaks with a single voice on economic development. Kirkland would benefit from improved communications regarding development issues.

### ACTIONS

**1. Create a new focus for economic development** > While a specific organizational recommendation is premature (pending the outcome of various retreats, workshops and public discussions), it is TIP's considered view that Kirkland would be best served by a single focal point for all economic development activity. This "new focus", would be responsible for the implementation of the City's economic development strategy. This new economic development entity could have advisory committees for targeted areas (such as the Downtown Action Team) to assist in implementing the City's Economic Development Strategy and to monitor and evaluate progress in achieving community goals.

KEP was intended to play this role, and may still play it, but the commitment must be much greater on the part of the city. This need can be met by a new organization (such as a development authority) or by an individual (combining the role of economic development manager and business ombudsman at the assistant city manager level). The specific mechanism is less important than the willingness to assign responsibility in several key areas. These areas include the following:

- Implementing a marketing and recruitment campaign for targeted industries (see below)
- Providing support for existing businesses (retention and expansion)
- Providing financial and deal structure review for major development projects (including cost benefit and other impact analyses as well as evaluating pro forma requirements for a successful business investment )
- Liaison with the city council and with the planning department to ensure that comprehensive plan goals are met
- Acting as an ombudsman for business-related issues

The benefits of this approach are wide-ranging. Individual projects can be professionally reviewed before they go to council, businesses and developers will have a single point of contact, and new business growth can proceed in a targeted fashion. Most importantly, economic development can occur in a managed way.

**2. Develop a communications strategy** > This strategy should include both internal relations (i.e., citizens, neighborhoods, and city council communications) and a well-managed public relations campaign. Public relations helps establish relationships with those in a position to disseminate information about Kirkland, as well as those who would consider relocating to the community. This would include reporters, state and regional economic development officials, elected officials, and local and regional business and





community leaders. Most importantly, it would include developers with an interest in Kirkland who appreciate the importance of design.

Specific tasks:

*Create awareness about what Kirkland has to offer by hosting special events. Examples include:*

- *Site location visit. Consider inviting site location specialists, commercial real estate brokers, and land developers to tour the community. The site location consultant could be asked to speak to the Economic Development Advisory Board and city officials regarding impressions of the city and its amenity and opportunities. In exchange for compensating the site location specialist for their time and efforts, the community would gain valuable insight as to how it is perceived by outsiders, as well as establishing a new relationship with site consultants in the targeted industries.*
- *Networking events. Hold meetings and forums on economic development and growth related issues. These events can be held in the Eastside or Seattle as well as in Kirkland, and can be co-hosted with other organizations.*

**3. Prepare a marketing strategy** > An effective marketing strategy pays huge dividends. The specific elements the marketing strategy should include a clear message about Kirkland as a location for business investment; building on the positive image Kirkland has as a business address. This message must be clearly supported by all players in Kirkland's economic development activities from mayor and council to the chamber and existing business operators, as well as residents and neighborhood groups. The marketing strategy should identify likely groupings of companies in Puget Sound, outline a schedule for their approach, and indicate goals that define the success of the marketing strategy. The strategy should be developed and implemented by the entity responsible for economic development in Kirkland. The marketing strategy should be developed after the requirements of potential investors for target markets are understood and found acceptable to Kirkland.

**4. Continue to improve marketing materials** > Brochures, profiles, maps, newsletter, and other promotional materials are most effective when part of a broader effort (including revised web links). These materials convey both Kirkland's image and address the audience's needs for focused, up-to-date information. Current efforts in this direction have been well executed and should be maintained.

Specific tasks:

*Use the material developed by KEP to prepare a press kit. A press kit is one of a community's most important media relations tools. It is a set of materials available to initiate interest or respond to information requests from journalists and other writers. Among the materials to be included in the press kit are:*

- *Cover letter to answer specific questions or address specific topics the writer is covering, as well as offering to put the writer in touch with potential interviewees.*
  - *Fact sheet about Kirkland.*
  - *List of major employers.*
  - *Unique features of the area.*
  - *Copies of other articles that have been published about Kirkland.*
  - *New expansions and locations in the area.*



*Increase visibility in local and regional papers by submitting stories and press releases on a regular basis.*

- *Develop list of reporters with key publications and establish a relationship with them.*
- *Based on these conversations and input from city and chamber representatives, prepare a schedule of press releases for distribution to local newspapers and regional publications, like the Puget Sound Business Journal. Focus press releases on a particular event or the release of a new report or key indicator about the area. Think about how press releases and stories can be used to improve communication about events or issues of interest to current residents.*

*Identify trade publications for key industries and geographic markets and prepare similar list of contacts and schedules.*

*Identify other media outlets, such as radio or regional TV broadcasts*

## SUMMARY

Kirkland has a unique role in Puget Sound. From an economic development perspective, it is the ability to integrate a variety of employment opportunities with a livable and vibrant community. Unlike bedroom communities that emphasize only housing and neighborhood issues, and unlike employment centers that give no thought to amenities and lifestyle, Kirkland has the potential to operate less as suburb and more like a truly autonomous community. That vision is within reach. It is the intent of this plan to help achieve that vision.



## APPENDIX A: DISCOVERY PHASE, OCTOBER 2004

### MEMO TO: KIRKLAND PATHWAY STEERING COMMITTEE FROM: TIP STRATEGIES, INC.

TIP Strategies, Inc. has been engaged to help identify a pathway that will guide the City of Kirkland toward a strong economic future. This memorandum, the first of three to be provided by the Consultant to the Steering Committee, documents our work during the Discovery Phase of the Project. Qualitative information regarding Kirkland's strengths, weaknesses, opportunities, and threats (SWOT) is outlined in this memorandum. Profiles of three benchmark communities are provided in the last section of this report.

Significant quantitative data regarding Kirkland is available in the Community Profile provided in the City's Website. This information has been reviewed by TIP and supplemented by information provided below.

During September 13 through 16, TIP conducted interviews regarding Kirkland's economy with knowledgeable local sources. These personal discussions were supplemented by a number of telephone interviews with additional sources. A SWOT analysis was developed from the interviews with local experts, a review of the quantitative data regarding Kirkland and the Puget Sound Region, an examination of City of Kirkland policy and land use documents, and our experience in evaluating a community's economic potential.

Three themes emerged from our Discovery work:

1. Kirkland is a highly desirable place to live and work.
2. Change in Kirkland is slow and often difficult.
3. Residential quality of life is the cornerstone for Kirkland decision-making.

Broadly speaking, economic development strategies emerge directly from the SWOT analysis. Weaknesses – even if not directly related to economic development – must be addressed, and strengths must be supported and reinforced. Similarly, threats to the economic well being of the community must be anticipated and responded to before they become crises. Opportunities, on the other hand, should be acted upon aggressively and, if possible, collaboratively. This is another way of saying that economic development is not just a plan; it is also attitudes and actions. The commitment of the city government, the local business community, and local neighborhood associations will be essential to securing a strong economic future for Kirkland.

## STRENGTHS

The strengths of a community have both a historical and a geographic context. Beyond that, they are linked to leadership and community involvement. In all these regards, Kirkland's strengths place it in a unique position within the region. Since the Puget Sound Region enjoys a national prominence, Kirkland has every reason to be proud of its assets.

**Image >** Kirkland's location at the center of the King County and the Puget Sound urban region represents a significant asset. With an estimated 3.4 million people in the metropolitan area, Kirkland is able to draw on the mystique of Seattle, Bellevue and Redmond, both from a business standpoint and from a marketing perspective.

The additional perception of the Eastside as a high tech center has immediate benefits to Kirkland. Itself the home of world-renown start-up companies, it is no stretch to imagine Kirkland as an entrepreneurial and innovative community.

## POPULATION CHANGE AND COMPONENTS OF CHANGE BY COUNTY: 2000 TO 2004

County	2000 Census	April 1, 2004 (Estimate)	Change 2000 to 2004		Components of Change 2000 to 2004				State Rank	
			Net	Percent	Births	Deaths	Natural Increase	Net Migration	By % Change	By Total 2004 Population
King	1,737,034	1,788,300	51,266	3.0%	88,526	46,614	41,912	9,342	18	1
Kitsap	231,969	239,500	7,531	3.2%	11,921	7,112	4,809	2,722	15	6
Pierce	700,820	744,000	43,180	6.2%	40,575	21,720	18,855	24,327	8	2
Snohomish	606,024	644,800	38,776	6.4%	33,949	15,901	18,048	20,728	6	3
Region Total	3,275,847	3,416,600	140,753	4.3%	N/A	N/A	N/A	N/A	N/A	N/A

Source: 2000 U.S. Census Bureau, State of Washington Office of Financial Management

## POPULATION CHANGE: 2000 TO 2004

City	2000 Census	2004 Estimate	Change 2000 to 2004	
			Net	Percent
Bellevue	109,569	116,500	6,931	6.3%
Bothell	30,150	30,930	780	2.6%
Issaquah	11,212	15,510	4,298	38.3%
Kirkland	45,054	45,800	746	1.7%
Redmond	45,256	46,900	1,644	3.6%
Woodinville	9,194	9,915	721	7.8%

Source: 2000 U.S. Census Bureau, State of Washington Office of Financial Management Note: Bothell population was calculated by adding King County partial estimate (16,250) with Snohomish County partial estimate (14,680).

with being a community whose only growth will come from redevelopment? These are not economic development issues in a direct sense, but they do influence tax revenues and employment options.

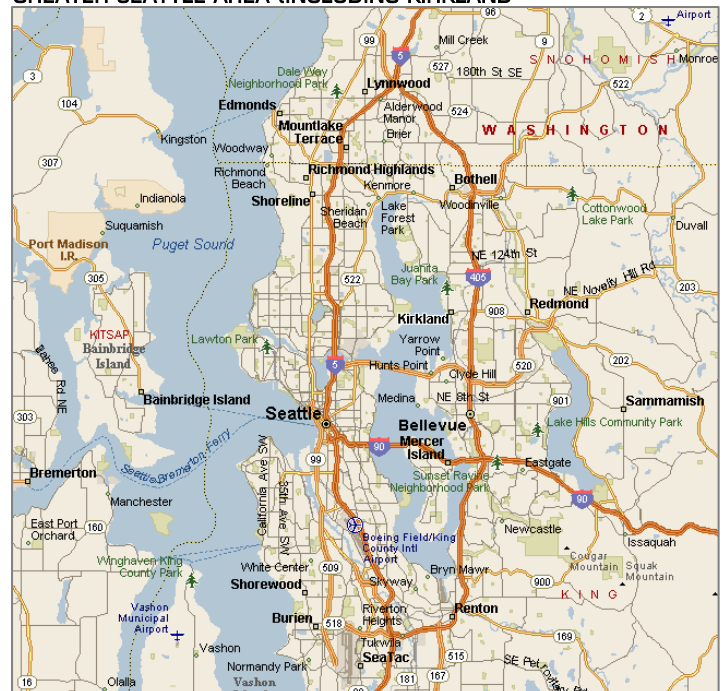
**Transportation** > Despite regional traffic congestion, Kirkland has remarkable accessibility. Direct four lane highway connections are possible in all directions. Interstate 405 (originally intended as the Interstate 5 bypass of Downtown Seattle) connects north and south and directly to SeaTac Airport, as well as to Interstate 90 East. Three I-405 intersections serve Kirkland and State 520 (at the southern Kirkland City border) connects directly west to Seattle, the University of Washington and to I-5. Finally, 520 connects east to I-405 and Redmond and the Microsoft Campus.

**Quality of place** > Few communities can rival the appeal of Kirkland. An appealing lakeside atmosphere within easy reach of a large urban center is a rare combination. Downtown is “pedestrian scale” with low buildings and no major roadways. Retail businesses offer a broad range of services, especially in proportion to the size of the city. Residences (and many businesses) have superior western views of Lake Washington, the downtown Seattle skyline, and the University of Washington.

**Real estate** > Kirkland further benefits from its strong standing in a region where it is considered a desirable place to live and work. Real estate brokers consider Kirkland the “hot” location in the regional office market, outside of downtown Seattle. Selected Class A office space in Kirkland, specifically Carillon Point, rents in excess of \$30/SF, well-above the South King County

Population growth in King and Kitsap Counties has been driven by natural increase rather than net migration. By contrast, more than half of the growth seen in Pierce and Snohomish Counties during the same period has been the result of migration. While population growth – in itself – is not necessarily a strength or a weakness, it does provide a framework for understanding options available to the community. Kirkland's very modest population increase reveals it as the slowest growing city examined in this assessment. It suggests, variously, that there are a greater number of housing options elsewhere in the region and that the amount of available housing in Kirkland is declining (at all price points). Is this the same as saying that Kirkland is built-out? And if it is, does Kirkland accept the risks associated

## GREATER SEATTLE AREA (INCLUDING KIRKLAND)



Source: Mapquest



submarket average, and has been as high as \$49/SF. However, a glut of office construction in Bellevue as the dot-com bubble was bursting caused office rents to plummet on the Eastside in recent years.

The greatest concentration of the region's office space (and office-using jobs) is from downtown Seattle eastward across Lake Washington and into the Eastside suburbs. As might be expected, retail space is more evenly distributed geographically; it correlates largely to population density.

The region's industrial space is heavily concentrated from the southside of Seattle down through the Kent Valley and into Pierce County. Within this north-south band, industrial land prices tend to fall as one heads south into areas with greater greenfield availability. The Eastside is home to relatively little industrial space (and few true industrial jobs). The "industrial" space that exists on the Eastside is more likely to be flex/tech space (a hybrid of office and industrial) than warehouse or manufacturing space. This concentration of flex/tech space helps explain why the industrial vacancy rate is relatively high on the Eastside. Recent industrial construction, as the table below indicates, is tending to push from the Kent Valley southward.

#### MARKET STATISTICS, MID-YEAR 2004

		Seattle (close-in)	South King County	East King County	Snohomish County	Pierce County	Kirkland
Office	Total SF	43,897,897	12,511,377	29,596,560	7,447,054	5,987,243	4,906,000
	Vacant SF	6,320,422	2,676,544	4,269,548	1,330,335	821,339	N/A
	Vacancy rate	14.40%	21.39%	14.43%	17.86%	13.72%	N/A
	Under Construction (SF)	1,339,200	0	0	33,000	57,000	N/A
	Absorption (1st half 2004)	763,974	-273,136	225,992	-43,204	111,544	N/A
	Rent (Class A)	\$22-\$26	\$18-\$22	\$18-\$24 (\$21-\$25 Bellevue CBD)	\$19-\$22	\$19-\$22	N/A
Retail	Total SF	6,402,581	14,600,385	14,254,914	12,599,241	12,683,356	3,463,900
	Rent	N/A	N/A	N/A	N/A	N/A	N/A
	Under Construction (SF)	48,000	420,000	710,500	310,000	20,000	N/A
Industrial	Total SF	65,420,953	97,148,750	25,592,799	19,827,089	33,928,287	3,349,000
	Vacant SF	3,727,194	8,297,329	3,796,769	3,010,347	3,182,556	N/A
	Vacancy rate	5.70%	8.54%	14.84%	15.18%	9.38%	N/A
	Under Construction (SF)	0	883,500	0	0	59,252	N/A
	Absorption (1st half 2004)	231,571	938,556	-76,436	-44,630	863,076	N/A
	Land Values	\$10-\$30/SF	\$6-\$9/SF	\$9-\$15/SF	\$3-\$6/SF	\$2.25-\$6/SF	N/A
	Lease Rates	\$5.40- \$7.20/SF	\$3.36- \$4.08/SF	\$5.40- \$7.20/SF	\$3.96- \$4.80/SF	\$3.36- \$4.20/SF	N/A

Sources: GVA Kidder Mathews, Kirkland Community Profile, Note: Unless otherwise noted, all rents are expressed annually: \$/SF/year

Residential real estate prices (and assessments) in Kirkland have increased faster than commercial assessments. ECONorthwest's "Tax Burden Analysis" from May 2001 underscores that fact. Kirkland's non-residential property tax assessments represent the lowest percent of total tax receipts in the region. A growing disproportion of non-residential tax receipts has potentially significant economic implications for a community. While there is no perfect formula for balanced assessment, most cities see great risk in an overdependence on residential property taxes. The reasons for this are apparent to city governments; after all, tax revolts often begin with frustration over residential property tax increases.

#### REAL PROPERTY ASSESSMENTS FOR SELECTED COMMUNITIES: 2000

Jurisdiction	Non-residential	% of Total	Residential	% of Total	Total Taxable Real Property	Population
Kirkland	\$1,050,316,987	21%	\$3,857,295,136	79%	\$4,907,612,123	45,054
Bellevue	\$4,179,277,621	30%	\$9,708,789,479	70%	\$13,888,067,100	109,569
Bothell (King Co. portion)	\$390,020,905	30%	\$923,268,299	70%	\$1,313,289,204	16,185
Kent	\$2,450,250,949	45%	\$3,039,317,917	55%	\$5,489,568,866	79,524
Redmond	\$2,287,468,424	43%	\$3,059,163,595	57%	\$5,346,632,019	45,256
Renton	\$1,557,847,778	41%	\$2,267,015,077	59%	\$3,824,862,855	50,052
Unincorporated King County	\$1,107,187,275	4%	\$24,975,498,526	96%	\$26,082,685,801	352,764

Source: King County Assessor's Office





**Community participation** > Kirkland benefits from a high level of civic involvement. Both residents and businesses (especially those in the downtown) are heavily vested in the future of the city. This is amply demonstrated by the Kirkland Association of Neighborhoods, Kirkland Downtown by the Lake and the Kirkland Chamber of Commerce. As a result, the decision-making process is highly inclusive, and encourages (and receives) participation from all stakeholders. For example, the City of Kirkland planning process incorporates "Neighborhood Action Teams" to generate consensus in decision-making.

"Kirkland is a highly attractive community with an appealing mix of tourism products and activities of interest to the visitor market. However, it is not an obvious tourist destination."

Kirkland Tourism  
Program, Marketing  
Action Plan,  
November 2002

## OPPORTUNITIES

Opportunities for Kirkland greatly outweigh those of similar suburban communities. Through sound planning, the city has preserved options for itself that have become closed to others. Much of this centers on the fact that Kirkland provides a broad range of amenities and does not rely exclusively on Seattle for cultural attractions and entertainment venues. As a result, Kirkland has a significant opportunity to position itself as a tourist venue for those seeking smaller-scale, more family-oriented entertainment. Existing parks and waterfront activities, restaurants, shops, and downtown cultural activities are attractive to residents, and have begun to draw regional visitors. The possibility of extending this tourist activity through enhanced accommodations, and aggressive marketing efforts could extend visits and greatly increase retail spending.

In addition, Kirkland can establish niche retail and service markets for itself. Such niches might include cultural attractions (re-thinking the art and music scene), retail "themes," and business networking functions (smaller in scale than typical conventions).

**Business recruitment and expansion** > From the point of view of business attraction, Kirkland can tout all the benefits of the region, and yet position itself as a viable alternative to the congestion and pressure of Seattle. This task is made easier by Kirkland's inclusion in regional marketing initiatives. The continuing opportunity to position Kirkland within the region is available in a number of areas.

Among the immediate targets available to Kirkland are Eastside technology companies that are expanding or spinning off new business ventures. These businesses typically are looking for better quality light industrial facilities and Class A office space. Kirkland currently has over 275 high tech businesses, with over 2575 employees, as identified by the city. In 2001, software and information technologies had the largest percent increase in employment growth of any Washington industry.

Entrepreneurial companies are also legitimate targets. Fox TV and McCaw Cellular, as well as Rosetta Impharmatics, began in Kirkland. The opportunity to build on this tradition, from both a marketing as well as from a facilities standpoint, would be the envy of any city in the country. As the table below indicates, Kirkland has a high share of employees working from home, indicating the level of local entrepreneurial activity. Those "garage" businesses that develop into a larger entity constitute an often forgotten local market.

### EMPLOYED RESIDENTS WORKING AT HOME: 2000

	Kirkland	King County	Seattle	Bothell	Redmond	Bellevue
Share of Employed Residents Working at Home	5.3%	4.4%	4.6%	4.3%	5.1%	4.7%
Ratio of Employed Residents Working at Home to Metro Average	121.7%	101.0%	105.6%	98.7%	117.1%	107.9%

Source: 2000 Census

**Development potential** > The vitality of downtown is one of the economic strengths of the community. New employment opportunity, however, now rests largely with redevelopment throughout Kirkland. The table below documents existing development and potential for business expansion under current regulation for significant neighborhoods. Opportunities for additional business development are clearly concentrated in Downtown (Moss Bay) and Totem Lake.



## EXISTING AND POTENTIAL DEVELOPMENT — SELECTED NEIGHBORHOODS

Neighborhood	Existing Development (sq. ft.)				Potential Development (sq. ft.)				TOTAL		
	Commercial	Office	Industrial	Total	Commercial	Office	Industrial	Total	Potential + Existing (sq. ft.)	Vacant (Acres)*	Acres
Everest	50,382	186,581	378,293	615,256	50,448	491,987	65,467	607,902	1,223,158	19	173
Lakeview	96,830	2,005,789		2,158,133	71,738	163,484		235,222	2,393,355	18	293
Moss Bay	792,663	831,805	265,151	2,185,381	482,903	1,368,687	-7,800	1,843,790	4,029,171	7	246
North Rose Hill	428,355	178,892	106,038	1,179,588	398,653	500,542	14,022	913,217	2,092,805	53	760
Totem Lake	1,366,501	1,222,638	2,229,244	6,210,006	1,109,800	539,494		1,649,294	7,859,300	50	620
<i>Subtotal</i>	2,734,731	4,425,705	2,978,726	12,348,364	2,113,542	3,064,194	71,689	5,249,425	17,597,789	147	2,092
All other	729,169	480,055	369,882	2,918,241	597,794	592,319	100,789	1,290,902	4,209,143	116	3,172
TOTAL	3,463,900	4,905,760	3,348,608	15,266,605	2,711,336	3,656,513	172,478	6,540,327	21,806,932	263	5,264

Source: Kirkland Community Profile 2004 Draft Update

\*includes residential zoning

Much of downtown could be redeveloped with a retail ground floor and two office or three residential stories, although the office option is clearly less attractive in the current development environment. Such an approach would need to be balanced against the community's overall image of itself. There is little question, however, of the economic benefits of creating additional commercial retail and office space.

A number of downtown projects are already in the planning and approval stages, including Lake Street and Central Ave, 3rd and State, Lakeshore Plaza, and the Quadrant/Transit property. Other downtown sites are ready for redevelopment: the Antique Mall, the Safeway site, and Kirkland Avenue and Lake Street.

In addition, the owners of Totem Mall are intending a major redevelopment and the Evergreen Hospital expansion will generate additional demand for nearby medical services.

Additional redevelopment opportunities could be considered wherever current industrial space is being underutilized or vacated. This approach is also aggressive, but it suggests a scenario that can meet the demands of economic growth without seriously compromising the city's quality and image.

## WEAKNESSES

Kirkland has few obvious weaknesses. Among suburbs of major metropolitan cities, it has retained a distinct identity, has a deeply involved citizenry, and remarkable amenities. The threat of regional economic downturns, however, exposes the most significant of weaknesses: the lack of suitable areas for the creation of new employment centers.

**Development (and redevelopment) opportunities** > The city of Kirkland is largely built-out. There are no major tracts of land available for development. Further, land parcel size and configuration in downtown, and to some extent Totem Lake, are not conducive to redevelopment. The irregular street pattern also makes reconfiguration of existing land and buildings in both areas more difficult.

Land ownership issues further complicate this situation. Absentee landowners of significant parcels are less likely to have any vested interest in redevelopment. Second, there are no significant parcels under single ownership, beyond those already identified. Finally there are always a number of landowners with no obvious interest in redevelopment.

Land prices in Kirkland are high. While this is a benefit for tax revenues, it requires a project with sufficiently high revenues or else the development will not be achieved. The Leland Consulting Group has identified this potential problem for the 85th Street Corridor in a 2000 report.

**Tax structure** > Kirkland has a heavy reliance on sales tax revenues and residential property taxes. Seen in conjunction with regional economic threats, this reliance suggests a potential structural imbalance. Auto sales, for example, are heavily dependent on low interest rates and stable employment. When these change, sales decline and the city's revenue



stream can turn into a trickle. Housing sales, once driven by lower costs than those in Seattle and surrounding communities, now reflect the high desirability of significant portions of Kirkland as a residential location.

**Development regulations** > Careful and detailed city regulations and policies are clearly designed to protect residential quality. This naturally creates additional cost for business developments, with little prospect of increased return. Related to this is a lengthy development approval process that discourages investors who require quick turnaround in order to justify their investment. In addition, the neighborhood approval process can result in reduced development opportunity when local residents refuse to accept a development application that conforms to existing regulations.

## THREATS

Threats to the economic well being of a community can be both external and internal. It is a mistake, however, to look at either one in isolation. External threats, such as regional economic cycles, can be exacerbated or mitigated by specific actions. Similarly, building strictly on internal strengths (such as community involvement and strong neighborhoods) runs the risk of losing ground in the intensely competitive regional environment in which businesses (and residents) make employment decisions.

**Regional dependence** > The most obvious threat facing Kirkland is its dependence on the overall economic health of the Puget Sound area. This is not a minor point. It is TIP's view that the *Pathway* should take this fact into consideration in each of its recommendations. In other words, Kirkland can – and should – provide some level of insulation against regional market downturns. The possibilities for doing this are, of course, limited. As Puget Sound goes, so goes Kirkland. But negative effects can be minimized. Employment opportunities in close proximity to one's residence are a powerful draw. So also is a vibrant downtown and retail sector that will continue to draw activity even during a regional downturn. This threat is never more dangerous than when interest rates are low and there is relative complacency. The region, however, has a long history of downward employment spirals. This risk goes beyond Boeing, and includes the regional overdependence on technology companies and a narrow focus on a single emerging business sector (biotechnology).

**Land and building costs** > The increased desirability of Kirkland as a residential location can result in land too expensive for business. There are specific actions that can be taken to reduce these costs. It would be possible to increase the supply of available land and buildings, linked to changes in zoning and to aggressive redevelopment. While there may be sound reasons not to take this direction, the threat of reduced growth and restricted land availability deserves close consideration.

## CONCLUSION

The balance of Kirkland's strengths and weaknesses show in a highly favorable light. The threats and opportunities, however, require additional consideration. This is another way of saying that there is a risk for complacency even – or perhaps especially – in a community as successful as Kirkland.



## BENCHMARKING

To better understand the options available to Kirkland, the consulting team selected three communities to benchmark regarding development patterns. Each city, like Kirkland, is an affluent suburb that is approaching complete build-out.

**Alexandria, VA (Washington, DC)** > While considerably larger than Kirkland in population, Alexandria's land area is fairly similar. Other demographic factors, including education levels, income levels, and household composition, are similar to Kirkland. Alexandria is an example of a community that was built out somewhat sooner than Kirkland and is now further progressed in its developmental evolution and population density.

**Cupertino, CA (San Jose)** > Cupertino's population, land area, and density are nearly identical to Kirkland. Like Kirkland, the median household income in Cupertino is well above the metro average, as is the ratio of residents who work at home.

**Littleton, CO (Denver)** > Littleton is similar to Kirkland in population and in most demographic variables. It also has a very similar composition of housing stock. A hospital campus is one of the city's primary employers. Other than that, there are few dominant private-sector employers; most office and retail employers tend to be smaller firms. Like Kirkland, the ratio of residents who work at home is well above the metro average.

### SELECTED DEMOGRAPHIC CHARACTERISTICS OF BENCHMARK COMMUNITIES: 2000

Metropolitan Area	Seattle	Denver	San Jose	Washington DC
Comparison Suburbs	Kirkland	Littleton	Cupertino	Alexandria, VA
Population	45,054	40,340	50,546	128,283
Land Area (square miles)	10.68	13.52	10.94	15.18
Population Density (persons per square mile)	4,220	2,985	4,620	8,452
Median Age	36.1	38.6	38.0	34.4
Average HH Size	2.13	2.29	2.75	2.04
Share of Adults (Age 25+) with a Bachelor's Degree or Higher	47.4%	40.1%	65.4%	54.3%
Foreign Born Share of Population	14.4%	5.7%	42.8%	25.4%
Average Travel Time to Work (Minutes)	21.9	24.8	25.8	29.7
Median HH Income	\$60,332	\$50,583	\$100,411	\$56,054
Median HH Income as a Share of Metro	114.3%	98.8%	135.1%	90.1%
Non-Hispanic White Share of Population	83.1%	86.8%	47.8%	53.7%
Married Couples with Children as a Share of all HHs	16.8%	20.4%	36.4%	12.4%
Single and Living Alone as a Share of all HHs	35.6%	33.3%	19.6%	43.4%
Single-Family Detached Homes as a Share of Housing Units	44.3%	49.6%	61.1%	14.8%
Share of Housing Units Built 1970-1989	48.6%	40.9%	36.1%	33.9%
Share of Employed Residents Working at Home	5.3%	5.2%	4.1%	3.5%
Ratio of Employed Residents Working at Home to Metro Average	121.7%	115.1%	131.4%	95.7%

Source: 2000 Census



## SELECTED CHARACTERISTICS OF BENCHMARK COMMUNITIES

Metropolitan Area	Seattle	Washington DC	Denver	San Jose
Comparison Suburbs	Kirkland	Alexandria	Littleton	Cupertino
Sources of Revenues:	100.0%	100.0%	100.0%	100.0%
Property taxes	24.3%	58.1%	7.9%	13.2%
Sales taxes	30.3%	5.6%	59.1%	31.6%
Other taxes	27.8%	17.8%	0.0%	27.0%
Intergovernmental transfers	12.3%	12.4%	21.0%	13.0%
Fees, earnings, & misc. sources	5.1%	6.0%	12.0%	15.1%
<i>for FY ending:</i>	<i>31 Dec 2002</i>	<i>30 June 2003</i>	<i>2002</i>	<i>30 June 2003</i>
Citywide office vacancy rate	N/A	8.9%	13.7%*	24.0%
<i>latest as of:</i>	<i>N/A</i>	<i>2004Q2</i>	<i>2004Q2</i>	<i>2004Q2</i>
Single-family home price	N/A	\$474,661	\$265,390	\$942,875
<i>latest as of:</i>	<i>N/A</i>	<i>2004</i>	<i>2004Q2</i>	<i>2004Q1</i>
Major private employers	Evergreen Hospital (1,863), Lake Washington School District (641), City of Kirkland (581), Kenworth Truck Co./PACCAR (386), Costco Wholesale (300)	INOVA Alexandria Hospital (1,539), Institute for Defense Analysis (1,200), American Diabetes Association (900), Center for Naval Analysis (600), U.S. Boatowners Association (570), Corporation for Public Broadcasting (500)	EchoStar, Quest, Littleton Adventist Hospital, and "lots of small tech companies"	Apple Computer (HQ), Portal Software (HQ), Symantec (HQ), Hewlett-Packard (division), Borland Software (division), Vallco Fashion Park (regional mall)

Sources: Cities of Kirkland, Alexandria, Littleton, and Cupertino; Alexandria Economic Development Partnership; CB Richard Ellis; Dataquest

\*Note: Littleton's office vacancy rate is for the Southwest Denver submarket (which includes Littleton).



**ALEXANDRIA VA (WASHINGTON, DC)**

**What has been the city's role in economic development over the past 10-20 years?**

The city formed the Alexandria Economic Development Partnership (AEDP) in 1992 as a public-private partnership. The mayor, the city manager, and a council member have seats on the board (private sector controls the rest). While the city provides some funding, the AEDP is run separately from the city itself. The focus is largely on recruitment and marketing to increase the job base and retail base, but an underlying goal is to shift the city's tax base from 60 percent residential sources to 50 percent. Recruitment has focused on trade associations, technology companies, and professional services.

**How extensive is pressure to preserve residential quality of life? What are the trade-offs?**

Quality-of-life is a major priority. Citizens are actively involved in the development process, with the preservation of open space taking precedence over economic development.

**What have been the local obstacles to expanding commercial/industrial development?**

One of the projects that AEDP has struggled with most is the new headquarters complex for the U.S. Patent and Trademark Office (5 of 7 buildings now completed) which relocated from nearby Crystal City. Alexandria residents were deeply concerned about the impact of new traffic in the community, but these issues were eventually resolved and the project went forward. The mayor and the council have been supportive of economic development and this keeps the process moving along.

**Are employment centers integrated into the community? If so, how?**

Alexandria is an older city and one of the densest suburbs in the U.S., but like most suburbs, a majority of commuter traffic flows out to other areas. Alexandria is fortunate to have four metro stops, but ironically, none of them is densely developed. One of the main future land use goals is to develop these transit stops as integrated, mixed-use live/work communities using "smart growth" principles. King Street (the main retail street in the historic district) has many buildings with ground-level retail and mixed uses above. The city would like to extend this type of development into other targeted development areas, particularly around the metro stops.

**How much vacant land is left in the city?**

There is "way less than 1 square mile" of vacant land left in the city. There is little industrial-zoned land. Land use is predominately residential, office, and commercial -- not industrial.

**What lessons can be learned?**

Alexandria offers an example of what a community like Kirkland looks like after it has mostly developed and then begun to redevelop. Quality of life (including preservation of remaining open space) is a very vocal argument that residents express, but citizens' arguments are often weighed against the city's long-term goal of reaching a 50/50 balance in tax revenue sources between residential and nonresidential land uses.





**CUPERTINO, CA (SAN JOSE)**

<b>What has been the city's role in economic development over the past 10-20 years?</b>	The city's role in economic development has tended to be reactive rather than proactive. There is no dedicated office or officer for economic development promotion. Instead, the city formed an economic development board about 10 years ago. The board includes members from the city, the chamber, property owners, and businesses. The city's general plan includes a "weak" element for economic development.
<b>How extensive is pressure to preserve residential quality of life? What are the trade-offs?</b>	There is pressure to "preserve the character of residential areas". This means that residents do not want the city to grow any denser than it currently is. <i>Example:</i> Two projects (Kempton Hotel and Verona Apartments) were recently approved in a non-residential area. There was no vocal protest from residents at the time the projects were proposed. Both developments were 6-8 stories, and their size was not really noticed by residents until construction began. The backlash began after construction was underway. Local residents have now gathered enough signatures to get 3 proposed new initiatives on the November election ballot. These three initiatives propose (1) a maximum height limit of 36 feet; (2) a minimum setback of 35 feet; and (3) a ceiling on residential density of 15 units per acre. Any project that doesn't meet these standards would automatically be thrown to a public vote.
<b>What have been the local obstacles to expanding commercial/industrial development?</b>	There is very little vacant land left, so the city's focus is now shifting to redevelopment. Some older industrial buildings are now in mixed-use zoning districts where some properties have been converted to new uses. The biggest obstacle to development is that land is very expensive; for developers to be profitable, they must have density in their projects. If the proposed ballot initiatives are approved in November, they will likely reduce developer interest in the city.
<b>Are employment centers integrated into the community? If so, how?</b>	In general, office developments are in stand-alone office parks and are not well-integrated into the city. The city is trying to change this by promoting more mixed-use redevelopment, but has had limited success so far. The areas that could best be redeveloped more densely are the large surface parking lots of major employers, but the property owners have thus far been reluctant to do this, mostly for corporate security reasons.
<b>How much vacant land is left in the city?</b>	There is "very little" vacant land left—325 acres. Of the remaining developable land, it is zoned 13% office/industrial, 4% retail/commercial, 5% standard residential, and 78% hillside residential. The office/industrial-zoned land is held by one owner (Hewlett-Packard) that is interested in selling.
<b>What lessons can be learned?</b>	There is tension between the city's long-term goal of redeveloping existing properties more densely and the residents' efforts to obtain direct veto power over high-density projects. If proposed ballot initiatives pass in November, developer interest in the city is expected to wane.



**LITTLETON, CO (DENVER)**

<b>What has been the city's role in economic development over the past 10-20 years?</b>	The city's economic development policy changed dramatically in about 1987. The city council was "fed up with out-of-town companies" that had no commitment to the community. This view was prompted when Lockheed Martin (then a major local employer) announced a huge layoff. The city decided to abandon any recruiting of large companies, and instead to focus exclusively on helping the community's existing businesses prosper. This has been the policy ever since.
<b>How extensive is pressure to preserve residential quality of life? What are the trade-offs?</b>	Littleton is "affluent and well-educated" and quality of life issues are taken seriously. This means that the focus is on "civic infrastructure." There is a large amount of park space in the community as well as bike trails (one park alone is 650 acres). The development review process is "stiff." The community maintains high standards for landscaping and signage in new developments, and is currently looking at ways to apply these standards to older properties. Officials hope to use incentives to encourage property upgrades and/or higher-density redevelopment for mixed uses. They may consider combining regulatory measures with incentives, but they have not done so yet. The community follows the principle that you have to create an environment that will attract and retain high quality residents.
<b>What have been the local obstacles to expanding commercial/industrial development?</b>	There is a "stiff development review" process. The community focuses on small-scale projects and is generally skeptical about large-scale development proposals. A recent proposal for a 76-acre redevelopment was turned down by the city council. This proposal would have included big-box retail and large amounts of parking, but it was perceived as not a good fit for the city.
<b>Are employment centers integrated into the community? If so, how?</b>	Redevelopment and planning are generally geared toward developing "corridors" within the city. "Corridor studies" are often prepared. The hospital campus is a rather large employment center in Littleton. Light rail reached Littleton in 1999 and there is a stop near (but not at) the hospital; the city has worked with transit operators to develop good bus connections from the light rail stop to the hospital campus.
<b>How much vacant land is left in the city?</b>	Only 200 acres of vacant land are left in the city. Most of the focus is on redevelopment of older areas. There are no significant amounts of industrial or manufacturing land use in Littleton.
<b>What lessons can be learned?</b>	Littleton is an example of a community that has turned its back on large-scale development and instead encourages small-scale development (employers, retail, etc.). The city focuses (successfully) on being a high-amenity community that will attract and retain high-income, highly educated residents.



## ATTACHMENT 1: LIST OF TIP INTERVIEWS

*September 13 - 16, 2004*

Ben Lindenkugel, *Director – Community Relations, Evergreen Healthcare*  
Betty Spieth, *Coordinator, Kirkland Economic Partnership*  
Teddy Overleese, *Advocate, Kirkland Economic Partnership*  
Jim Lauinger, *Council Member, City of Kirkland*  
Jessica Greenway, *Council Member, City of Kirkland*  
Mary-Alyce Burleigh, *Mayor, City of Kirkland*  
Joan McBride, *Council Member, City of Kirkland*  
Tom Dillon, *Council Member, City of Kirkland*  
Charles Temple, *Accounts Director, Concur Technologies*  
Janice Soloff, *Senior Planner, City of Kirkland*  
Eric Shields, *Planning Director, City of Kirkland*  
Jeremy McMahan, *Planning Supervisor, City of Kirkland*  
Marilynne Beard, *Finance Director, City of Kirkland*  
David Ramsay, *City Manager, City of Kirkland*  
Nancy Cox, *Development Review Manager, City of Kirkland*  
Ken Carlson, *Building Services Manager, City of Kirkland*  
Brenda Cooper, *IT Director, City of Kirkland*  
Keith Maehlum, *President, Maehlum Development*  
Douglas Davis, *President, Hallmark Realty*  
Bonnie Lindberg, *Associate Broker – Commercial, Hallmark Realty*  
Michael O'Brien, *Owner, Toyota of Kirkland*  
Karen Tennyson, *Kirkland Association of Neighborhoods*  
Jim McElwee, *Kirkland Association of Neighborhoods*

*Group discussions were also held with:*

Kirkland Association of Neighborhoods representatives  
Kirkland Downtown by the Lake Directors  
Kirkland Chamber of Commerce Executives





## APPENDIX B: OPPORTUNITY PHASE, NOVEMBER 2004

**MEMO TO: KIRKLAND PATHWAY STEERING COMMITTEE**  
**FROM: TIP STRATEGIES, INC.**

TIP Strategies, Inc. has been engaged by the City of Kirkland and the Kirkland Economic Partnership (KEP) to help identify a path to guide Kirkland toward a strong economic future. This memorandum, the second of three to be provided by the Consultant to the Steering Committee, documents our work during the Opportunity Phase of the project. Building on our assessment of Kirkland's overall economic development environment completed in the initial Discovery phase, we outline a number of strategies to address the strengths, weaknesses, opportunities, and threats identified in Technical Memorandum #1.

### PROGRESS TO DATE

Kirkland's location in the "high tech" Eastside of the Puget Sound metropolitan area, transportation connections, and positive image in the region, contribute to a real opportunity for economic development in the community.

Critical elements of the local economic environment influencing the choice of strategies were identified in Technical Memorandum #1. They include: 1) the absence of undeveloped land and other significant opportunities for economic development, 2) a perception of Kirkland as an expensive and difficult location for business investment, 3) high land value – driven by the desirability of Kirkland as a residential location, and 4) sensitivity of city revenues to regional economic conditions.

The first two elements can be addressed by a well-designed and implemented economic development strategy. The third is a result of regional market forces combined with Kirkland's quality of place. The city can wield little influence over this aspect. However, it is important to recognize that, with the current land use regulations, the market value of land for multi-family residential redevelopment in Kirkland can approach (and likely, eventually, exceed) the market value of the same land for commercial development. The fourth element revolves around city revenues. In Kirkland the low proportion of non-residential assessment increases the vulnerability of the Kirkland residential taxpayer.

City revenues for government activities fall into four main categories: sales taxes (25.7 %), charges for services (23.7 %), property taxes (21.5 %), and other miscellaneous revenues. These revenue streams provide the funds for city services (non-utility), and any drop in revenue from one of the categories must either be matched by an increase in another category or a reduction in city services. Sales tax revenue, and to a lesser extent, charges for services, are directly related to Puget Sound regional economic conditions which have a pattern of significant swings. With the next economic downturn, sales tax revenues will fall and Kirkland will be faced with difficult decisions regarding level of government services and property tax rates.

Land zoned for business use in Kirkland comprises 21% of the total assessed real property value, although it occupies only 10% of the total land area in the city. This proportion of non-residential to residential assessment is the lowest of any municipality on the Eastside. Clearly, with no change to the existing pattern of development in the community, the major burden of any increase in property tax will accrue to residential properties.

A **strong tax base with sustainable revenues** to fund public services for Kirkland requires a better balance of residential and non-residential property assessments. The strategies outlined below address this issue.

Three themes emerged from our discussions with Kirkland politicians, city staff, local business owners and operators, neighborhood residents, and knowledgeable individuals in the Puget Sound region. These themes should not be interpreted as the only ones consistent with Kirkland values.



1. Kirkland is a highly desirable place to live and work.
2. Change in Kirkland is slow and often difficult.
3. Residential quality of life is the cornerstone for Kirkland decision-making.

These unique aspects of the Kirkland business environment combined with local attitudes and values are significant in defining Kirkland's economic development environment. The first demonstrates a market demand for additional development. The second theme describes a mode of decision-making in Kirkland that creates an undesirable situation for developers and business investors. The third theme articulates the considerable emphasis on residential quality (despite the broader nature of theme #1). This value, held so dearly by Kirkland residents, is compatible with the pursuit of scenario #3. We believe that it is only through full realization of its business potential that the quality of life enjoyed by Kirkland residents can be maintained.

## OPPORTUNITIES

On October 6, TIP conducted a Context Mapping workshop with council members, senior city staff, and representatives of the business and residential communities in Kirkland. This session, which initiated TIP's Opportunity Phase, reviewed milestone economic development activities in Kirkland's past and examined potential appropriate opportunities. The Context Mapping session established two insights into Kirkland's economic development environment: 1) that the perceptions gathered about the community are sound, and 2) that the range of economic development options open to the city – while limited – lend themselves to more aggressive and creative action.

Based on those discussions, and the research and interviews conducted by TIP, three scenarios were presented as the most likely models for future growth. This was followed by a discussion of economic development strategies and actions, within the context of a "vision" for the city.

### Scenario One: Current Trends

The first of the scenarios, linked to the strong influence of neighborhood associations, is to limit economic development to the retention of existing businesses, with minimal encouragement for business recruitment, commercial and industrial opportunities, or city policies endorsing aggressive business expansion. Direct support for economic development generally occurs with support for small-scale tourism, festivals, and the inclusion of downtown business organizations in the same manner as residential community groups. This can best be described as a current trend scenario.

### Scenario Two: Full Build-out

The second scenario calls for a build-out to existing capacity. Most of the business development opportunity under this scenario occurs in Totem Lake and to a lesser extent in the downtown. This scenario does not specifically call for re-zoning; however, over the next one or two decades, changing markets will demand revised zoning. There should be no expectation of achieving full build out of existing zoned opportunity without creating additional opportunity and permitting adjustments for special circumstances. Business recruitment would again be limited, and would favor retail with some support for professional services.

### Scenario Three: Renewed Economic Activity

The third scenario envisions increased economic strength. While the character of the city would remain essentially unchanged (a beautiful and neighborhood-friendly lake-side community), there would be an active and aggressive effort to increase non-residential uses and to expand the base of business beyond retail sales receipts.

TIP will direct its efforts towards the economic development vision stated in the draft Comprehensive Plan:

*"Kirkland's economy is strong and diverse. A healthy mix of businesses provides valuable economic returns including varied employment opportunities and high wages, a strong tax base with sustainable revenues that help fund public services, and a broad range of goods and services."*



This vision describes a Kirkland as outlined in scenario #3 above. We believe this scenario to be compatible with Kirkland's fundamental values (specifically, the preservation of residential quality) and that it can lead to an improved quality of place if properly pursued. It will however, require changes in both the physical structure of the community as well as the manner in which decisions are made concerning economic development.

## PROPOSED STRATEGIES

Six proposed economic development strategies for Kirkland are presented below. These strategies derive from the work undertaken during the Discovery Phase and define the pathway to the vision articulated in the Comprehensive Plan. An economic development strategy is not just a pathway; it is also attitudes and actions. The participation of the city government, the local business community, and local neighborhood associations will be essential to securing a strong economic future for Kirkland.

The first two strategies address the elements identified in the Discovery Phase, those that can be influenced directly by city intervention. These are: 1) the built out nature of the community and the lack of significant opportunities for economic development, and 2) a perception of Kirkland as an expensive, and difficult location for business investment. The two remaining elements help identify parameters that will be the subject of specific actions in the next phase. They also provide a means to measure the effectiveness of implementing the strategies.

The third and fourth strategies relate to specific areas of the city where the majority of redevelopment opportunities are located: Downtown, and Totem Lake.

The final two strategies provide direction on communication about Kirkland's economic development. One deals with marketing and how Kirkland should present itself to the wide array of potential business investors. The final, and perhaps most critical of the strategies, deals with all participants within the city – that is residents, existing business owners and managers, neighborhood groups, business associations as well as civic employees.

### Strategy One: Development Opportunities

Unlike most of the surrounding municipalities on the Eastside, Kirkland is essentially fully developed, leaving redevelopment as the primary option. Non-residential redevelopment of existing built sites brings with it issues that must be addressed if development is to be realized. These include: interruption of a revenue stream, dealing with existing structures, historic property boundaries that were determined long ago for significantly different conditions, community resistance to change, and regulatory policies that may no longer be appropriate for a specific site (or today's market). Redevelopment opportunities in Kirkland must compete for business investment within a Puget Sound market dominated by vacant commercial land where these issues are minimal. Kirkland needs to understand how these issues affect redevelopment and ensure that suitable regulations and the application of these regulations do not discourage business investment. There are also opportunities to increase the supply of redevelopment sites by targeting underutilized city land for economic development or through rezoning.

***Kirkland should increase the supply of sites available for business redevelopment and improve the opportunities for redevelopment of existing underutilized and inefficient properties.***

### Strategy Two: Development Climate

In its early years and until the last decades of the 20<sup>th</sup> century, Kirkland was clearly the business center for the Eastside. Currently, Kirkland's image is positive, and the community is viewed as a highly desirable place to live and work. However, Kirkland does not have the reputation of a business-oriented community. Minimal commercial redevelopment since Park Place, and the slow growth of the non-residential assessment base, gives credence to this perception and highlights the task ahead.

Kirkland is viewed as a desirable business address but it is not a "top of mind" location for regional investors. This is in large part due to the slow and difficult development approval process. Although the city has made policy statements about development potential through such documents as its Comprehensive Plan, and Zoning Plan, these





targets are frequently not realized in the final development. Commercial investors will choose a regulatory environment that is predictable and that results in a realistic development pro forma.

An essential component of this strategy should be directed toward existing businesses. Too many existing business owners consider the actions of the City of Kirkland to be business unfriendly. This perception must change. It can only change if the City of Kirkland is seen to be doing all that it can do to create a business friendly environment. The efforts initiated by KEP in business retention indicate that Kirkland is aware of the importance of this activity. Gaining a clear understanding of the needs of current business owners, and ensuring that business owners understand the limitations on city actions is part of the communication process discussed in Strategy Six.

***Kirkland should improve the local business climate. Actions for this strategy should reduce the difficulty and time required for development approvals, ensure that the full potential of each redeveloped site is achieved, and support the existing businesses.***

### Strategy Three: Totem Lake

For the Totem Lake area, the city's orientation towards retail establishments needs to be re-considered. Of prime importance is a strategy for the attraction of retail spending from throughout the region. The opportunities for additional commercial office development afforded by Evergreen Hospital and other elements of the regional market, combined with the physical potential of Totem Lake, provide a setting whereby a substantial commercial center can be realized. The City has already begun this process by the designation of Totem Lake as a Commercial Center.

Currently, Totem Lake lacks a coherent identity and performs a commercial function that has developed from its location at a major intersection on I 405. The Evergreen Hospital complex at the Northeastern edge of Totem Lake is not part of the area's identity except by proximity. In Totem Lake the legal parcel pattern is convoluted, and many of the parcels are small. The area is highly divided by transportation facilities. Almost all existing business functions are ready for redevelopment. The perception is that this area of Kirkland is poised for significant growth.

The redevelopment of Totem Lake would benefit significantly from city resources. Specific economic development oriented activities would include land assembly, re-zoning, infrastructure investment, and public-private partnerships with the development community.

The City of Kirkland, through an appropriate economic development authority, can provide both the direction and the will to realize the potential of the Totem Lake Commercial Center.

***As a designated Commercial Center, the Totem Lake area should be subject to special attention, including a strong commitment by the City to facilitate redevelopment as soon as practicable.***

### Strategy Four: Downtown

Downtown Kirkland has not benefited from a significant business investment in the past decade. The major focus of downtown development prior to that time was based on multi-family developments that have included ground floor retail. It is well known and appreciated for its small scale, pedestrian friendly environment where restaurants and art galleries are predominant uses. With its parks, recreational and cultural facilities, downtown is a place where Kirkland residents spend their leisure time. The downtown does not have a significant office component. While it does provide a certain number of retail services to Kirkland residents, it clearly is not the retail center of choice for the bulk of Kirkland residents and it has certainly lost ground to the newer, larger Town Centers of Redmond and Bellevue. In addition, retail activity is seasonal and the resulting fluctuations in sales volume can create a precarious situation for business owners.

The city's orientation towards downtown, and retail establishments generally, would need to be re-considered through a strategy that addresses tourism and the attraction of retail spending from throughout the region. Opportunities in



the areas of tourism will draw upon existing dining and leisure activities. Retail outlets that respond to niche markets can attract visitors from outside Kirkland and compete with residential uses in the high cost of land. A substantial component of upper floor offices can support these activities as well.

*Kirkland should be active in downtown redevelopment and take a strong role in achieving the full potential for this area.*

### Strategy Five: Marketing

In order to attract business investment, Kirkland must ensure that its message is available to prospective investors. The current program of providing information through the Internet does make considerable detail available, however it is essentially passive. Given the scale of the opportunity in Kirkland, new commercial markets would be well-positioned in the Puget Sound region. A well thought-out marketing effort would not need to be focused on a specific target group, but would enhance the existing view of Kirkland. Significant opportunities will lie in the business sectors that are already well represented on the Eastside.

Marketing Kirkland will require focused research to identify local companies looking to expand, as well as liaison with real estate professionals who specialize in this activity.

A wide attraction effort is already undertaken by other regional agencies, including the State of Washington, as well as the EDC of Seattle and King County. Kirkland can support and participate in their efforts .

The Kirkland marketing message should be based on quality of place and the amenities available to those who are employed in Kirkland. Opportunities for tenant specified redevelopment will be limited at best and recruitment activities should reflect the available built space at any given time. An effort to attract developers of flexible business space would be appropriate.

**The Kirkland economic development authority should develop a marketing plan directed toward companies in the Puget Sound region that are seeking new premises.**

### Strategy Six: Communication

Successful economic development occurs when citizens, city government, local business organizations, and the local media are all in concert with the goals of economic development and the appropriate message is fully communicated to potential investors. The existing economic development goals as expressed in the Comprehensive Plan vision are neither shared, nor do they appear to be used in decision-making. There is a climate of distrust between the city, residents, and businesses. We believe this derives from a lack of knowledge by all parties. Consequences of economic development (or lack thereof), a limited range of available city actions, the ability to maintain residential quality, as well as the fiscal and physical requirements of a successful business community are all elements that must be understood.

A communications program is achieved through specific actions that include a marketing strategy and a co-ordinated and informed public involvement program. This program should be educational and incorporate a meaningful feedback mechanism into the decision making process. The responsibility for this communication strategy must rest with a single authority. While TIP was not tasked with an organizational review, it is clear that the city, the chamber and local business organizations, and the Kirkland Alliance of Neighborhoods and residents would need to agree on a new entity to pursue these goals. That organization would have full responsibility for actions with respect to economic development, and operate under the normal regulatory controls that are the mandate of a city government. The strategies identified above, while they could be carried out to a limited degree by the city or the KEP, require a broader commitment and a more holistic approach than current staffing (and mandate) allows.

**City leaders should establish a formal communications strategy and link that strategy to the formation of a new economic development authority.**





## **APPENDIX C: IMPLEMENTATION PHASE, JANUARY 2005**

### **MEMO TO: KIRKLAND PATHWAY STEERING COMMITTEE FROM: TIP STRATEGIES, INC.**

Kirkland's economic future is in the balance. As one of Puget Sound's most desirable communities, it has seen explosive growth in residential appraisals. This surge in home values, however, has not been matched by commercial and industrial activity. This has resulted in an imbalance whose effects are becoming increasingly apparent: in the downtown, in job growth, and in commercial property tax receipts.

The Pathways Report takes seriously the economic development vision of the city. This statement stresses a diverse economy and the importance of job growth. In this statement, TIP finds support for the important distinction between "quality of life" and "quality of place." While quality of life is inward-looking, quality of place is dynamic and supportive of growth and diversity. Quality of place recognizes the importance of neighborhoods, but also sees that a community that is not welcoming of outside investment will become stagnant. This distinction has enormous economic and fiscal implications. Investment is the key concept. Investment occurs in the form of retail spending from non-residents, in commercial development, and in establishing a diversified job base. Without private investment – and the tax and employment benefits this creates – Kirkland's quality of place will decline.

TIP recognizes that there are challenges to a straightforward implementation of the strategies we propose. While we have prepared an implementation schedule for these strategies, we have also sought to address the challenges directly. This has two advantages:

1. It recognizes the political realities which constrain elected officials, and
2. It provides a means by which action items can be improved upon through public input.

We recognize that the Pathways Report will require greater involvement of citizens and neighborhood associations, not just the business community. It is our belief, however, that this process will result in a more vibrant and dynamic community.

## **BACKGROUND**

TIP Strategies, Inc. has been engaged by the City of Kirkland and the Kirkland Economic Partnership to help identify a pathway that will guide Kirkland toward a strong economic future. This draft memorandum, the last of three to be provided by the consultant to the Steering Committee, documents our work during the Implementation Phase of the project and will be combined with Technical Memoranda #1 and #2 to produce a final Project Report. This phase builds on our work during Phases 1 (Discovery) and 2 (Opportunity). In this phase, we identify recommended actions for Kirkland and lay out the challenges mentioned above and suggest a process to address these challenges.

### **DISCOVERY (PHASE 1)**

Kirkland's location in the "high tech" eastside of the Seattle metropolitan area, its transportation connections, and its positive image in the region, create a sound opportunity for commercial investment in the community. Land zoned for business use in Kirkland comprises 21% of the total assessed real property value, although it occupies only 10% of the total land area in the city. This proportion of non-residential to residential assessment is low compared to most other cities in the Puget Sound region.

**SWOT Analysis** > TIP undertook an assessment of Kirkland's economic strengths and weaknesses in the context of the Puget Sound regional economy. In addition, we described and evaluated opportunities as well as threats to Kirkland's future economic development.

From our analysis, TIP concluded that Kirkland has a highly positive image and, as a result, local opportunities exceed the physical capability of Kirkland to accommodate existing markets for businesses that might seek to invest in the community. Our analysis identified significant issues that Kirkland should address if the city wishes to pursue active economic development. These issues included:

1. Lack of undeveloped land.
2. Perception of business investment environment.
3. Development in specific areas of the city (Totem Lake and Downtown).
4. Communication.

**Community Discussions** > Three themes emerged from discussions with Kirkland politicians, city staff, local business owners and operators, neighborhood residents, and knowledgeable individuals in the Puget Sound region.

1. Kirkland is a highly desirable place to live and work.
2. Change in Kirkland is slow and often difficult.
3. Residential quality of life is the cornerstone for Kirkland decision-making.

The first demonstrates a market demand for additional development. The second theme describes a mode of decision-making in Kirkland that creates an undesirable situation for both developers and business investors. The recent decade of slowed commercial investment in Kirkland is due in large part to the development environment described by the second theme. The third theme articulates the overwhelming emphasis on residential quality. This value, held so dearly by Kirkland residents, can be compatible with increased commercial economic development, although many residents clearly fear that economic development automatically degrades quality of life. We believe that it is only through full realization of its business potential that the quality of life enjoyed by Kirkland residents can be maintained. TIP believes that a community that is not dynamic and responsive to regional trends is stagnant. Our emphasis on quality of place over quality of life seeks to capture that distinction.

## OPPORTUNITY (PHASE 2)

To kick off Phase 2, TIP conducted a Context Mapping workshop with council members, senior city staff, and representatives of the business and residential communities in Kirkland. This session reviewed milestone economic development activities in Kirkland's past and examined potential opportunities. The Context Mapping session confirmed that the perceptions gathered about the community are sound. It also explored an economic development vision statement for Kirkland.

The City of Kirkland's economic development vision statement from its draft Comprehensive Plan reads:

*"Kirkland's economy is strong and diverse. A healthy mix of businesses provides valuable economic returns including varied employment opportunities and high wages, a strong tax base with sustainable revenues that help fund public services, and a broad range of goods and services."*

The Comprehensive Plan vision describes a Kirkland that can only be achieved by an aggressive economic development program. The future described by this vision statement is compatible with Kirkland's fundamental values (specifically, the preservation of residential quality) and can lead to an improved quality of place if properly pursued. TIP considers



this vision appropriate and will use it as the basis for the development of strategies in Phase 2 that address the economic development issues identified in our Discovery Phase.

## STRATEGIES

TIP identified four strategies for a strong, dynamic, and balanced economy that will lead Kirkland to a future described by the vision statement. Reduced from the original six, this approach is more streamlined and responds more directly to the challenges described below.

The strategies address critical issues that can be influenced directly by city intervention: 1) the built-out nature of the community and the consequent lack of significant opportunities for economic development, and 2) a perception of Kirkland as an expensive and difficult location for business investment. The strategies also call for special attention in areas where the majority of redevelopment opportunities are located: Downtown, and Totem Lake. A marketing approach to the Puget Sound region rounds out the strategies.

Recommended strategies are:

1. Form a new economic development authority and establish a formal communications strategy for economic growth.
2. Improve the business investment environment.
3. Focus on two prime development areas: Totem Lake area and Downtown
4. Develop a marketing plan directed toward the Puget Sound market.

These strategies were reviewed with the Project Steering Committee in November 2004 and a possible range of actions for Kirkland to undertake in pursuit of these strategies was explored.

## IMPLEMENTATION (PHASE 3)

The implementation phase of the Pathways project identifies the actions Kirkland needs to take in order to pursue the strategies identified in Phase 2. Responsibilities, timelines, and cost implications for these actions are also included.

In preparing for this phase, TIP recognized that there would be significant challenges to the implementation of the strategies. Many of the issues identified in the earlier phases cannot – and should not – be treated lightly. As a consequence, we have identified what we believe to be the major barriers and have tried to deal with them directly and forthrightly. Since each of the three challenges has a significant public relations component, it is TIP's view that there should be a process for addressing them. This will influence the roll-out of the final economic development pathway.

## CHALLENGES

In reviewing our work to date, TIP has concluded that 3 major challenges face Kirkland's economic development efforts. Until these challenges are fully understood, accepted and properly addressed, we believe Kirkland will be unable to achieve the vision in the draft Comprehensive Plan and TIP's Pathway recommendations.

### Challenge # 1 – Shared vision for the future of Kirkland

From our discussions with the Steering Committee, Kirkland residents and residential organizations, and the business community, TIP concludes that a shared, long-term vision for the future of Kirkland is not present in the community. While there is a common view that Kirkland should not compromise its quality of life, there is no shared view of the criteria that ensure that "quality." Broadly, one set of criteria describes residential quality, i.e., those elements that impact what a resident experiences in their neighborhood (for example, minimum traffic, safety, good views, quiet



street, etc.). A second set of criteria is broader, and involves total quality of place elements (variety of shopping and leisure opportunities, availability of work nearby, etc.).

There is an extensive consultation process for development decision-making in Kirkland. This lengthy consultation process results in a statement of general agreement amongst participants on outcomes. Participants, however, often finish the consultation process with different interpretations of the agreed-upon statements. Frequently, those who disagree with its outcome do not recognize the consultation process as legitimate, leading to renewed controversy. This places Kirkland decision-makers in a tenuous position. They are faced with a difficult task when any change from existing physical infrastructure of the city is proposed. The manner in which Kirkland makes decisions about development (i.e. business investment) has clearly discouraged investors. A shared vision is required for successful economic development.

While TIP initially presented the opportunities for economic development along a continuum of choices (with three scenarios), we now believe that there are two basic choices.

Two visions of Kirkland's future:

1. A residential oriented city where commercial activities are directed primarily towards Kirkland's current population. The sole exception for attracting a larger market would be in the Totem Lake urban center. Commercial investment is neither pursued nor easy to achieve in downtown and neighborhood commercial areas.

Consequences: Non-Kirkland residents have few reasons to come downtown and retail business activities are dependent on nearby residents. These residents are increasingly likely to be well-off singles, "empty nesters" and working couples. Kirkland's image as a desirable place to live has led to higher residential land prices that exceed the values for commercial use. The percentage of Kirkland residents who work in Kirkland has decreased significantly and public transit use has decreased. Totem Lake redevelopment does generate new employment, but it is concentrated in the low wage retail sector. It is likely that regional targets for employment are not met. This is a description of the community that is at the end of the path Kirkland has been following for the past 10 years.

2. An alternative scenario is of a dynamic urban center that provides a wide range of services to local residents **and** attracts significant spending from outside the community. This is the current vision statement of the Comprehensive Plan. Totem Lake/Evergreen Hospital area is developed as a major regional service center and has become the new Kirkland "Uptown".

Consequences: The downtown is vibrant year-round with multiple leisure activities for Kirkland and other King County residents. Kirkland also becomes a secondary destination where tourists are likely to stay overnight, and shop in the specialty "niche market" stores that have clustered in the downtown. Complementing this area are many restaurants and bars. The downtown is also an office location of choice for smaller technology service companies in the region and their well-paid employees. Regional targets for both commercial and residential growth are met or exceeded.

Either of the two scenarios described above could occur. The first scenario protects the neighborhoods and benefits accrue to individual residential properties. The second focuses on the quality of Kirkland as a place with the capacity for amenities that benefit local residents and draw visitors to the community.

The full implications of each of the scenarios must be understood before a common future is pursued in Kirkland. We believe that much of the current controversy derives from a misplaced fear that commercial investment automatically degrades residential quality of life. A thorough public examination of future options is necessary before agreement can be reached. Specifically, it must be understood that decisions about planning and zoning are an integral part of economic development and about how the future will unfold.





## Challenge # 2 – Commitment to a strong development approach

A second major challenge currently facing Kirkland economic development is the lack of commitment to commercial and industrial development. The difference between the future described by policy documents and the actions taken by the community creates confusion among Kirkland taxpayers as well as potential investors. An alarming manifestation of this lack of a shared vision is clear dissonance between Kirkland City policy statements and formal regulatory requirements, and the physical changes that have actually taken place in Kirkland over the past ten years.

Surrounding communities have attracted considerable business investment as well as extensive development of residential properties in the last decade; Kirkland has seen only a minor increase in residential activity and little significant business investment. Policy and regulatory documents that have remained basically the same over the past ten years provide for up to 6.5 million additional square feet of commercial development and 7,000 additional residents in the community. Continued declining interest in investment in Kirkland can be expected to lead to a deteriorated commercial (and residential) infrastructure. Change and continued investment are fundamental elements of a healthy city that seeks to maintain an outstanding quality of place. Otherwise the city will stagnate.

Kirkland must not only make a commitment to a specific future; it must also establish mechanisms that deliver on that commitment.

## Challenge # 3 – Acceptance of Kirkland's role in the region

Kirkland's economic environment is very much influenced by forces outside of the community. Kirkland must be knowledgeable of those forces, accept their influence on the community and take actions that will exploit their positive aspects to ensure that the community remains a location of choice in the Puget Sound region. The surge in residential assessment values compared to commercial values in the recent past is a disturbing trend, influencing the perception of Kirkland as a poor place for business investment. The consequences of this regional trend in market choice need to be understood and Kirkland must take action to ensure desirable consequences are the result.

Trends that will influence the future of Kirkland include: retail shopping habits and preferences, demographic shifts (such as the aging population), housing purchase patterns, attitudes toward downtown as a leisure destination, and increased demand for diverse retail spending. These are well understood by investors who make their decisions in anticipation of benefiting from these trends. Kirkland should do no less in making decisions about its future.

From the opportunity (market) perspective, Kirkland is clearly poised to become a desirable urban center in Puget Sound, one where quality of place is unexcelled. Conditions are in place. The market available to Kirkland is upscale, accessible, and appealing to developers. Kirkland is well positioned in the Puget Sound region, with good access to all areas. The image of the community as a location of choice is among the best in Puget Sound. The community has the physical opportunity to accommodate substantial business investment – outside of existing residential neighborhoods and without a significant change in land use.

## RECOMMENDED RESPONSE TO CHALLENGES

TIP believes that a concerted and well-orchestrated response is essential to meeting the challenges. This response must begin with the city itself: its elected leaders and its staff. Since the critical issue centers on a shared vision for economic growth, we feel that the following steps will be necessary:

1. Arrange for a series of “community summits” (or comparable forums) in which the consequences of the scenarios are open to a wide-ranging discussion. Specific attention should be paid to how the vision would be realized in practical ways, e.g., how planning and zoning will affect development patterns, how economic development incentives apply to downtown, how neighborhood associations view commercial development and the value of amenities.
2. Develop a communications strategy specific to development-related issues. This strategy should include direct communications with residents, with neighborhood associations and with businesses. It should also address regional players who may be considering investment in Kirkland. This is especially important in light of TIP's strategy for regional marketing.



3. Reexamine the strategies and the Pathway actions recommended by TIP and confirm (or reject) their validity. This is the final step before formal adoption of the plan. Since the action items commit Kirkland to a higher business profile in the region, supported by an independent economic development authority, this is a necessary response. Without this response, the plan would be destined to lie dormant.



## ACTIONS

The following are the actions that support the strategies. An implementation table identifying responsible parties and time frames supplements this section.

### **Strategy 1:** Form a new economic development authority and establish a formal communications strategy for economic growth.

There is no identifiable agency with responsibility for economic development in Kirkland. Activities are carried out by several public and private agencies whose mandates are largely self-defined, imprecise, and uncoordinated. No individual is committed to economic development on a full-time basis and those persons who do economic development frequently do so as one additional assignment that may not be appropriate to their full-time responsibilities. Perhaps more importantly, there is no shared economic vision and a clear lack of trust between the residential and business communities (and their organizations) that manifests itself in extensive public debate with Council over business investment proposals. No agency or individual has been recognized in all of our discussions to date that can bridge this confidence gap. A new economic development authority—independent, knowledgeable, professional, and able to establish the trust of varied interests—is required in Kirkland.

The single purpose of this authority would be to advance economic growth in Kirkland. The responsibilities of this organization would be broad and its initial task would be to implement the activities outlined in this report. This authority should be a true partnership of the public and private sectors. It should have the ability to independently report to Council on matters of economic development, but would have no authority in the area of development approval.

In addition to the need for an economic development authority, Kirkland should put in place a communications strategy for development issues. This strategy – referenced in the Challenge section – should precede public discussion of the economic development authority.

Specific actions to be undertaken include:

1. Prepare a formal mandate for an Economic Development Authority and create the authority. The authority should operate under auspices of a board of directors, consisting of public and private organizations. The following structure is representative of a typical 10 member board:

Developers (3)

City manager or mayor (1)

City attorney (1)

Public-at-large and neighborhood associations (3)

Business representation, small and large (2)

Staffing for the Authority should consist of an executive director, a marketing director, and at least one administrative assistant.

The legal structure of the organization should be established by the city, presumably as a 501(c)(3).

2. Prepare a communication strategy, to be managed by the city, for the primary purpose of advancing economic development understanding in Kirkland. A “communications manager” with experience in public relations would be the ideal candidate for this position. Economic development would not necessarily be the only function of this staff person,



but it would be an important priority. In addition to coordinating press releases and preparing informational material, the manager would also schedule and conduct public meetings.

## **Strategy 2:** Improve the business investment environment.

Although there are indications of strong market opportunities in Kirkland, the community is perceived as a difficult location for new development. The pace of new investment has slowed in relation to surrounding communities. A commitment to the redevelopment of existing, underutilized properties is an important priority. Land availability, assembly and reconfiguration, displacement of existing uses, community expectations, and the revision of regulations are all factors in changing the business climate. Changing market demands, and the competitive pressure of communities in Puget Sound, must be addressed if investment is to be attracted to Kirkland.

Specific actions to be undertaken include:

1. Review existing policy and regulatory requirements for areas suitable for redevelopment and identify how those policies can be amended to enhance the potential for new investment. This activity may lead to rezoning of specific areas and to incentives and other inducements to ensure responsible growth.
2. Conduct a complete audit of the city's relationship to business licensing, building permits, and related development procedures. Time and cost requirements should be evaluated, as well as the relationship to public comment and city council review of projects.
3. Prepare a template for improved interaction with the business and development community. This "template" should identify needs and offer a positive response to existing businesses and to prospective investors.

*These actions are not dependent on the formation of an economic development authority. They should, however, be linked to the communications strategy and Kirkland should re-position itself as a desirable location for business investment (see Strategy 4).*

## **Strategy 3:** Focus on two prime development areas: Totem Lake and Downtown

The majority of economic growth for Kirkland will occur in these two areas. By focusing resources, the potential benefits to the community are significant. While other commercial centers will attract investment, they are of significantly smaller scale and are less concentrated.

### **Totem Lake**

Specific actions to be undertaken include:

1. Develop and publish a long-term vision for this area that recognizes current market requirements for an urban center. This center should be a mixed-use development incorporating retail venues with housing, entertainment, and commercial activity. This vision should encompass the entire Totem Lake Commercial district, including the Evergreen Hospital and Parmac Business Park.
2. Through the Economic Development Authority, the City should increase investment in this area. While transportation and related physical improvements (sewer and water) are already planned, the vision for a vibrant commercial district can be enhanced. This would include recruitment of technology-intensive businesses and health care related activities, as well as working with the developer(s) to identify Class A office tenants.

### **Downtown**

Specific actions to be undertaken include:



1. Similar to the Totem Lake approach, develop and publish a long-term vision for this area that recognizes current market trends for a vibrant and active downtown. Exploring the opportunities for niche and tourism commercial opportunities and identifying specific targets for investment in these sectors should precede this vision.
2. Investigate the opportunities for City of Kirkland participation in investment in this area. This may include redevelopment of existing city properties, creation of new civic infrastructure, establishment of additional civic amenities or restructuring the transportation system.
3. Undertake an expanded tourism initiatives project with the specific objective of increasing the length of stay for visitors to downtown Kirkland.
4. Identify and promote a “signature development” proximate to the downtown.

*These two areas represent enormous potential for the City. While development at Totem Lake is likely to occur in any event, a more holistic approach (i.e., one that enhances Kirkland's “quality of place”) will need a higher level of public involvement. Without an economic development authority, it is unlikely that this holistic approach will be successful. In the case of Downtown, a specific retail strategy that involves existing businesses and helps identify and recruit new merchants is crucial.*

*The signature project of Action 4 is completely dependent on the Economic Development Authority. It is also a major reason for having a communications strategy in place.*

#### **Strategy 4:** Develop a marketing plan directed toward the Puget Sound market.

Kirkland does not operate in a vacuum. New commercial and office development must be competitive in the region. At the same time, business expansion on the Eastside offers specific opportunities to the city. A marketing and recruitment strategy aimed at technology-intensive businesses and high-value service providers is likely to yield tangible benefits.

Specific actions to be undertaken include:

1. Prepare a marketing message that emphasizes Kirkland's willingness to attract investment.
2. Promote Kirkland regionally and solicit individual companies in cooperation with developers and city officials.
3. Assemble a “tool kit” of economic development incentives and inducements that are compatible with Kirkland's vision for balanced growth.



## IMPLEMENTATION SCHEDULE

ACTION	PURPOSE	RESPONSIBILITY	TIME FRAME	BUDGET
Develop shared vision	To ensure the entire community is supportive of economic development actions	City of Kirkland	Immediate	
Establish responsible party or extend KEP	To advise Council and be responsible for a balanced Kirkland economy. To act and be seen as an independent source of information in Kirkland decision-making	City of Kirkland Business Community Residential Communities	Immediate	
Review regulatory and procedural requirements	To create appropriate opportunities for economic development	City of Kirkland to implement changes	Ongoing - upon completion of visioning	
Use City land for economic development objectives	To initiate business investment in critical areas  To generate funds to pay for economic development activities	EDA (as agent for City)	Early	
Provide support to existing business	To ensure existing business infrastructure remains viable	EDA	Early	
Undertake signature project(s)	To provide an initial project in a critical area	City of Kirkland Business Community (PPP)	As Appropriate	
Tourism initiative	To increase tourism spending in Kirkland	Business Community (Tourism Committee)  City of Kirkland	Upon completion of visioning	
Marketing	To attract investment	EDA	Upon completion of Challenge activities	
Support state and regional ED activities	To attract investment	EDA	Immediate and ongoing	

